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MARCH/APRIL 1998
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By blocking international treaties banning land mines and child soldiers, the United States has become an obstacle to the advancement of human rights law.

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Initially devised to maintain a system of fixed exchange rates, the IMF took on a new role during the Latin American debt crisis of the 1980s—providing moderate amounts of credit, facilitating debt renegotiations, and recommending responsible macroeconomic policies. But the IMF is also applying the lessons of Eastern Europe and the former Soviet Union, where a fundamental economic restructuring was necessary, to Asia. So in Korea, for example, the fund called for reform of inefficient conglomerates and inflexible labor laws. However beneficial in the long run, such changes are not needed to resolve the current crisis. By stepping in too far and too soon, the IMF discourages countries from seeking modest help. Even worse, it encourages bankers to undertake more risky loans, making another crisis more likely.

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Europe's great drive toward unification can distract attention from the liberal order that already exists in most of the continent. But this extraordinary achievement is itself threatened precisely as a result of Europe's forced march to unity, especially Helmut Kohl's push for European monetary union. Europe's leaders set the wrong priority after 1989 by neglecting the east and federalizing the west. They fiddled in Maastricht while Sarajevo burned. Europeans should instead consolidate and spread across the continent the order that already exists. It provides for security and liberty; more would be less.

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One cannot seem to get through a foreign policy debate these days without someone proposing the rule of law as a solution to one problem or another. The rule of law is undeniably important to peaceful, free, and prosperous societies, but it is no quick fix. Imparting the rule of law to a society with no history of it involves changing the attitudes of masses and elites and creating a political culture in which nobody is above the law. Unfortunately, proponents of rule-of-law reform tend to have simpler, less lasting things in mind, like writing legal codes and sprucing up courts.

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Russia's post-Soviet orientation is in serious trouble. The West does not want to see any structure in Eurasia that permits Russian hegemony, but abetting continued chaos in the former Soviet space is hardly in the West's interest. Central Asia and the Caucasus are rife with flash points that could ignite and draw in outside powers, and the presence of nuclear weapons raises the stakes even higher. The United States should support integration, not division. For its part, Russia should work with nearby countries to help unite diverse peoples in a stabler system.

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The articles in Foreign Affairs *do not represent any consensus of beliefs. We do not expect that readers will sympathize with all the sentiments they find here, for some of our writers will flatly disagree with others; but we hold that while keeping clear of mere vagaries* Foreign Affairs *can do more to inform American public opinion by a broad hospitality to divergent ideas than it can by identifying itself with one school. We do not accept responsibility for the views expressed in any article, signed or unsigned, that appears in these pages. What we do accept is the responsibility for giving them a chance to appear.*

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Comments

ARCHIVE PHOTOS

A 13-year-old Liberian rebel with his AK-47

U.S. negotiators are blocking other countries from banning child soldiers.

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Sidelined on Human Rights

America Bows Out

Kenneth Roth

Fifty years ago the United States took the lead in building modern international human rights law. But lately, Washington has been in the public eye for the obstacles it has raised to its further development. American reservations surfaced during the past year in negotiations to ban antipersonnel land mines, to prohibit the use of child soldiers, and to establish an international criminal court. In each case, Washington paid lip service to the proposal while U.S. negotiators worked to weaken it. Because of these reservations, the international community has shown a new willingness to bypass the United States in strengthening human rights law.

The negotiations to ban antipersonnel land mines are the most prominent example of this trend. These indiscriminate weapons have appropriately been called weapons of mass destruction in slow motion. Because land mines cannot distinguish between a combatant and a child, they kill or maim an estimated 26,000 civilians annually. In such war-torn countries as Cambodia, Angola, Somalia, and Bosnia, they exact a terrible toll long after the fighting has ended.

President Clinton recognizes the humanitarian cost of antipersonnel land mines and endorses their "eventual" abolition. However, the United States was not ready to support an unconditional ban in treaty negotiations because the U.S. military wants to use land mines to defend South Korea for another ten years. The issue is not mines already in the ground, which the United States would have ten years to remove under the new treaty, but its intention to plant more than one million new mines in the event of a North Korean invasion. The U.S. military also wants to exempt certain self-destructing antipersonnel mines that it uses in combination with antitank mines. Fearing a laundry list of such exemptions, other governments in the negotiations, including NATO allies, rejected any loosening of treaty provisions on antipersonnel mines. One hundred twenty-two governments signed the treaty. The United States did not.

ARMING THE CHILDREN

The United States also opposes a ban on children under age 18 serving as soldiers. Child soldiers are a large and often ne-

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glected humanitarian problem. In countries such as Liberia, Sudan, Uganda, Burundi, Afghanistan, Burma, and Sri Lanka, government or rebel forces have placed guns into the hands of an estimated quarter of a million children, some as young as eight. The practice puts the children physically at risk and frequently leaves them emotionally traumatized, as well as creating a danger for anyone they encounter. American soldiers, who are increasingly likely to be deployed in conflicts where child soldiers roam, can hardly relish the prospect of encountering a 12-year-old carrying an AK-47.

Three treaties already ban the use of children under 15 as soldiers: the 1989 Convention on the Rights of the Child and the two Additional Protocols to the Geneva Convention of 1949. The United States has signed all three, but has not ratified any of them. However, because of the harm associated with using 15- to 17-year-olds as soldiers, and because a higher age requirement makes it more difficult to disguise the use of still younger children, a new protocol has been proposed to the Convention on the Rights of the Child requiring soldiers to be at least 18. The protocol would be optional; no government, including those that have ratified the convention, would be required to adopt it.

The Clinton administration opposes an 18-year-old minimum because the U.S. military recruits 17-year-old high school students upon graduation rather than waiting for their 18th birthday. Less than one-half of one percent of the U.S. military is composed of such underage recruits. And while almost all recruits reach 18 before completing their training, the U.S. military stands alone in rejecting even a compromise proposal that would keep these soldiers out of combat. Since the Pentagon fears that the United States could face heightened pressure to stop recruiting 17-year-olds, U.S. negotiators have taken advantage of the consensus rules governing the negotiations to block other governments from adopting a ban for themselves.

AMERICA'S JURIS-IMPRUDENCE

After several years of intensive negotiations, a treaty establishing an international criminal court is scheduled to be adopted at a diplomatic conference in Rome in July. Following on the temporary tribunals established to address the recent slaughter in Rwanda and the former Yugoslavia, the proposed international court would be available to try the worst human rights criminals—those accused of genocide, war crimes, or crimes against humanity—wherever their crimes were committed. The biggest outstanding issue is whether the court will have the necessary strength and independence to function effectively. President Clinton has endorsed an international criminal court in principle, and U.S. negotiators have played a constructive role on such matters as drafting trial procedures and defining the rights of defendants.

But the United States, along with China, Russia, and France, is arguing for a court with circumscribed powers. The debate centers on a number of issues. Must a government or the U.N. Security Council file a complaint to begin an investigation, or may the prosecutor proceed on his own initiative? Must the prosecutor gain the consent of various states with an interest in the prosecution? How deferential should the international court be

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AP PHOTO

Children-at-arms: young soldiers of the Zairean rebel army, April 1997

to national authorities in determining whether they are making adequate efforts to bring an accused to justice?

Most contentious has been Washington's argument that the court should be prohibited from assuming jurisdiction without the express permission of the Security Council whenever the council is addressing a threat to peace or security under its Chapter VII powers. Because the council is likely to be active under Chapter VII in most cases in which genocide, war crimes, or crimes against humanity arise, this restriction would leave the court little room for contemporaneous, independent action. Since any of the council's five permanent members could withhold permission through its veto, the restriction risks politicizing the court's docket and undermining the court as an institution of universal justice.

U.S. negotiators justify this risk by arguing that an independent court might

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interfere with the Security Council's efforts to contain threats to peace. But in countries like Bosnia, Rwanda, Cambodia, Burundi, and Congo, human rights abuses have been the greatest threat to peace. Governments or rebel groups are more likely to commit atrocities when they believe they can act with impunity. An independent court would undermine this confidence by divorcing the quest for justice from efforts to secure peace, making clear that justice is not a bargaining chip.

Those who claim that peace talks cannot succeed if faction leaders fear prosecution need look no further than the Dayton accord for evidence to the contrary. No amnesty was granted at Dayton, even though the independent International Criminal Tribunal for the former Yugoslavia had already indicted Radovan Karadžić and Ratko Mladić, then the Bosnian Serb political and military leaders. Moreover, because indicted war crimes suspects continue to use violence and intimidation to enforce their vision of ethnic separation, their arrest is essential for lasting peace.

Washington's response to a compromise proposed by Singapore suggests that the administration's real concern is less protecting the Security Council's Chapter VII role than guarding against any possibility that an American might be prosecuted. Under the compromise, which Britain and many other countries back, if a prosecution threatened Chapter VII peace efforts, the Security Council could vote to halt court proceedings. While allowing the Security Council to prevent a genuine conflict between peace and prosecution, the compromise would make it more difficult for a single permanent Security Council member to block prosecution because of a parochial interest. The Clinton administration is sticking with its position that the Security Council must vote to authorize rather than halt a prosecution. That way the United States, through its veto power, preserves its ability to block any prosecution.

Three other arguments have been used to justify the administration's restrictive view of the court. First, the administration contends that close Security Council control of the court's docket is necessary to avoid creating an unaccountable "superprosecutor," even though the prosecutor would be subject to impeachment and other political constraints. Second, the administration argues that America's unique role in deploying troops worldwide to preserve peace and meet humanitarian crises qualifies it for the extra precaution of control over the court's docket, although that role should hardly justify impunity for any atrocities committed by U.S. forces. Finally, the administration seems concerned that the Republican-controlled Senate would never consent to ratification of a treaty establishing the international court unless the court's powers were limited.

The administation's assessment of the court's prospects for ratification may be accurate. But immediate U.S. accession to the international criminal court treaty is not important enough to justify weakening so significant an institution. It has taken more than 50 years since the founding of the Nuremburg tribunal for the international criminal court to become a realistic prospect. Today's political momentum to create the court will be hard to recreate for future efforts to modify it. In all likelihood, the court launched next July in Rome will be the court that is with us for decades.

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Although until now the United States has rarely blocked the strengthening of human rights law, it has always been slow to adopt it. Just as it took the United States 40 years to ratify the Genocide Convention and 25 years to ratify the International Covenant on Civil and Political Rights, it may be some time before Washington is willing to embrace a strong and independent international court. U.S. financial and political backing for the court will still be necessary in the interim to help fund prosecutions and apprehend suspects. But this support will be more likely when the court is pursuing tomorrow's Saddam Hussein than in the abstract when Washington is preoccupied with avoiding the prosecution of Americans.

LEAVING AMERICA BEHIND

The international community is growing more comfortable with leaving the United States out on questions of international human rights law. The land mine negotiations are one example. At first the negotiations proceeded under a rule of consensus, in which any government could block progress. The United States did just that. When these negotiations deadlocked, Canada, backed by a broad coalition of other countries, established parallel negotiations that were open only to those favoring an unconditional ban, effectively bypassing the United States. The administration's negotiators still showed up in a last-ditch effort to gain certain loopholes, but they were sent home empty-handed.

Negotiators of a protocol on child soldiers are being asked to do the same thing. Since the proposed protocol would be optional, pressure is building to follow the precedent Canada set during the land mine negotiations and limit participation to those who support a ban on using children under 18 as soldiers. Even if negotiations were restricted to the 191 governments that have ratified the Convention on the Rights of the Child, the United States, as one of the only two holdouts, would be prevented from blocking the proposed protocol.

The land mine precedent is already influencing negotiations on the international criminal court. A broad coalition of governments favors going further than the United States, in this case establishing a strong and independent court. Dubbed the "like-minded" states, they include developed countries such as Germany, Canada, Australia, Norway, and the Netherlands, and developing countries such as Argentina, Egypt, Ghana, Malawi, and South Africa. Because many of these developing countries have completed transitions from authoritarian to democratic rule, they speak with authority on the importance of having an institution of justice that remains above local pressures for impunity. Many of these governments have come to recognize that to link the success of the court's negotiations to U.S. terms is to condemn it to the vision of one of its least enthusiastic supporters. Instead, they are preparing to seize this historic moment and hold out for a court that cannot be controlled by any single nation, including the United States.

It is out of character for a nation that cherishes its rights at home to oppose strengthening the protection of the rights of others. The United States has a strong interest in the peace and prosperity that tends to follow from upholding human rights. Rather than fearing the development of international human rights law, Washington should embrace it. Failing to do so risks abandoning America's role as a voice of freedom for all.

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The Spotlight and the Bottom Line

How Multinationals Export Human Rights

Debora L. Spar

In 1996 Kathie Lee Gifford made front-page news. The well-liked television personality had lent her name to a discount line of women's clothing that, it was discovered, had been made by underage Central American workers. That same year, the Walt Disney Company was exposed contracting with Haitian suppliers who paid their workers less than Haiti's minimum wage of $2.40 a day. Nike and Reebok, makers of perhaps the world's most popular athletic footwear, were similarly and repeatedly exposed.

In all these cases, the companies accused were U.S. manufacturers of consumer products. They were being targeted for human rights violations committed abroad not by their own managers or in their own plants but by the subcontractors who produced their products in overseas facilities. Traditionally, the corporate response to this subcontractor problem has been predictable, if unfortunate. U.S. firms have argued that they cannot realistically or financially be held responsible for the labor practices of their foreign suppliers. "The problem is, we don't own the factories," a Disney spokesperson protested. "We are dealing with a licensee."

Recently, though, this attitude has started to change. As a direct result of heightened human rights activism, sharper media scrutiny, and the increased communication facilitated by the Internet, U.S. corporations are finding it difficult to sustain their old hands-off policy. Under pressure, they are beginning to accept responsibility for the labor practices and human rights abuses of their foreign subcontractors.

CODES OF CONDUCT

Much of this new activity clusters around the promulgation of voluntary codes of conduct. In just the past several years, U.S. industry has proposed and accepted a rash of codes. In 1996 Labor Secretary Robert Reich launched a "No Sweat" campaign designed to force foreign garment makers to comply with U.S. labor laws and to expose retailers who might be purchasing garments made under sweatshop conditions. This was followed by

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the widespread publication of a Labor Department "Trendsetter" list of retailers that had publicly agreed to "demonstrate a commitment" to U.S. labor laws and to monitor the working conditions under which their garments were produced. In August 1996 the White House established an Apparel Industry Partnership, which devised a workplace code of conduct defining decent and humane working conditions, applicable to all participating companies as well as to their overseas contractors. To ensure that the code became more than a public relations exercise, members of the Partnership also proposed that the code's adherents open their facilities to periodic inspections by independent monitors. Even more striking is Social Accountability 8000, an ambitious attempt to compel firms to comply with a certifiable set of labor and human rights standards, launched last year by the Council on Economic Priorities and a group of influential companies. SA8000 rests on market acceptance, not legal coercion. Firms would comply with the standards and the monitoring necessary to ensure compliance simply to win certification. Already, the retail giants Toys 'R' Us and Avon have announced their intent to demand that all their suppliers become SA8000-certified.

It is easy, perhaps, to be cynical about these codes. Prominent critics such as Louis Henkin of Columbia Law School have charged that they carry less weight than legal standards and lack bite. But it is not clear that such skepticism is warranted. In fact, codes of conduct have already begun to be a significant factor in the pursuit of human rights. By changing the calculus of U.S. firms doing business abroad, codes can change their behavior.

CAUGHT IN THE ACT

The logic follows a pattern that one might call the spotlight phenomenon. When U.S. corporations go abroad, they take more than their capital and technology with them. They also take their brand names, their reputations, and their international images. They bring in their wake the scrutiny of U.S.-based activist groups and the international media. When U.S. corporations are caught engaging in unfair or abusive practices, these groups spring into action, casting a shadow of scorn. To some extent, the process echoes the familiar muckraking of decades past, but the combination of an increasingly global economy and ever-more sophisticated and diverse communication channels has recently expanded the reach of even small-scale critics. On the Internet, grassroots activism has, quite literally, been electrified. Using inexpensive electronic mailing campaigns, human rights groups can reach a far wider audience than in the past, drawing supporters from across national borders to mobilize consumer boycotts or political action campaigns. Once these campaigns reach the public arena, the perpetually hungry media brings attention to even small stories—especially those pitting giant U.S. corporations against hapless foreign workers.

Although this new form of muckraking creates its own potential hazards, it also affects the basic calculus of an investing firm. Suddenly, the advantages of lower-cost labor or lower-cost inputs from more abusive suppliers must be weighed against the crush of negative publicity, the cost of public relations, and the possibility of consumer protests. For consumer products firms, the impact is particularly intense

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since highly visible brand names provide an ideal target for smear campaigns and other public attacks.

At the moment, public awareness of human rights issues is not fully decisive in the marketplace. Customers still seem to favor brand, price, and quality over perceptions of humane treatment and social responsibility. But these preferences are starting to change. In a 1995 survey, 78 percent of respondents said that they would prefer to shop at retail stores that had committed themselves to ending garment worker abuse; 84 percent said they would pay an extra $1 on a $20 item to ensure that the garment had been made in a worker-friendly environment. Similar results appeared in a 1996 survey—only this time, nearly 24 percent said that retailers and not just manufacturers should take responsibility for preventing the use of sweatshop labor. Such polls do not, of course, necessarily predict consumer behavior, but they do seem to show a heightened awareness of human rights issues and a newfound eagerness to hold manufacturers and retailers accountable for their behavior.

As public concern coalesces around issues of human rights, the promulgation of codes and standards completes the spotlight phenomenon. Once firms have adhered to publicly acknowledged standards, they magnify the effect of their own violations. So long as firms could argue that subcontractors were beyond their reach, they could limit the public fallout from findings of abuse. With codes in place, however, firms can no longer hide behind an arm's length relationship of indifference. Once they have agreed to comply, they will be forced to—not by the sanction of law but by the sanction of the market. Firms will cut off abusive suppliers or make them clean up because it is now *in their financial interest* to do so. The spotlight does not change the morality of U.S. multinational managers. It changes their bottom-line interests.

A RACE TO THE TOP

Already, early evidence supports the potency of the spotlight phenomenon. When reports surfaced that Reebok was purchasing soccer balls stitched by 12-year-old Pakistani workers, the firm sprang into action. It created a new central production facility in Pakistan and established a system of independent monitors. Eager to retain its image as a strong supporter of human rights around the world, Reebok affixed new "Made without Child Labor" labels to its soccer balls. The Gap also bowed dramatically to public pressure. After several high-profile protests in 1995, including one at a Manhattan store, The Gap signed an agreement with the National Labor Committee committing itself to independent third-party monitoring of its overseas suppliers. Starbucks Coffee, generally regarded as one of the most socially progressive U.S. firms, was heavily picketed in 1995 by activists demanding that the company keep closer tabs on the Guatemalan plantations from which it buys some of its coffee beans. The chain eventually complied, issuing a revised code of conduct and specific action plans for all of its supplier countries.

Recently, the spotlight has focused most frequently on Burma, whose ruling junta, the State Peace and Development Council, is one of the world's most repressive regimes. Facing mounting criticism of

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their presence in Burma, Levi Strauss, Macy's, Liz Claiborne, and Eddie Bauer all pulled their operations out of the country. So did oil giants Texaco and Amoco, even though just six months earlier Amoco's president had described Burma as one of his firm's most promising new regions for exploration. A spokesman for Eddie Bauer neatly captured the changed calculus facing the firms. "After months of researching the situation," he announced, "we deemed that the political climate and growing opposition to trade in Burma posed a potential threat to our future manufacturing opportunities." In other words, they were leaving purely for commercial reasons. The spotlight had made its way to their bottom line.

What makes this dynamic even more powerful is the potential for cooperation and collective action. The problem for competing firms is that the force of the market makes it difficult for any single company to pay higher wages or insist on superior labor standards. Of course, some firms do so out of conviction; others do so because they have a higher-quality or niche product that enables them to pass cost increases on to their consumers. Yet in the aggregate, the familiar problem of "free riders" remains. If one firm pays the higher wage or refuses to do business with an exploitative low-cost subcontractor, it risks losing market share to more callous competitors. Thus, multinationals have long been able to rationalize their use of low-wage labor or abusive subcontractors by appealing to the unstoppable force of global competition. If they held to higher standards, they claim, their rivals would instantly overwhelm them. Theoretically, the only way to solve this free-rider problem is through collective action. If all firms—or at least a good majority of the larger ones—adhere to the same standard, none is individually penalized. Collective action can thus force a race to the top rather than the much-heralded race to the bottom. What changes the direction of this race is the combined force of codes and publicity. Firms adhere to the higher standard because public attention forces them to do so. And the more companies adhere, the easier it is for even the low-profile or sluggish to join.

The Burma withdrawals showcased this collective dynamic. Once Levi Strauss pulled out, it was easier for Macy's and Liz Claiborne to follow. Collective action was also a major component of Reebok's approach to Pakistan. Before proceeding with its child-labor-free campaign, the company obtained approval and support from both the World Federation of Sporting Goods Industry and the U.S.-based Sporting Goods Manufacturers Association. When Reebok refused to sell balls made with child labor, so did all of its competitors. None, then, were left at a commercial disadvantage—and all collectively left themselves vulnerable to the scrutiny of the spotlight. As pressure for codes continues to mount, and as firms such as Price Waterhouse and Kroll Associates eagerly offer to perform audits of firms' compliance with the codes, such cases will probably proliferate. In the process, human rights are likely to improve.

STRANGE BEDFELLOWS

Human rights and U.S. multinational corporations are traditionally considered unlikely bedfellows. By nature, firms are not in the business of promoting human

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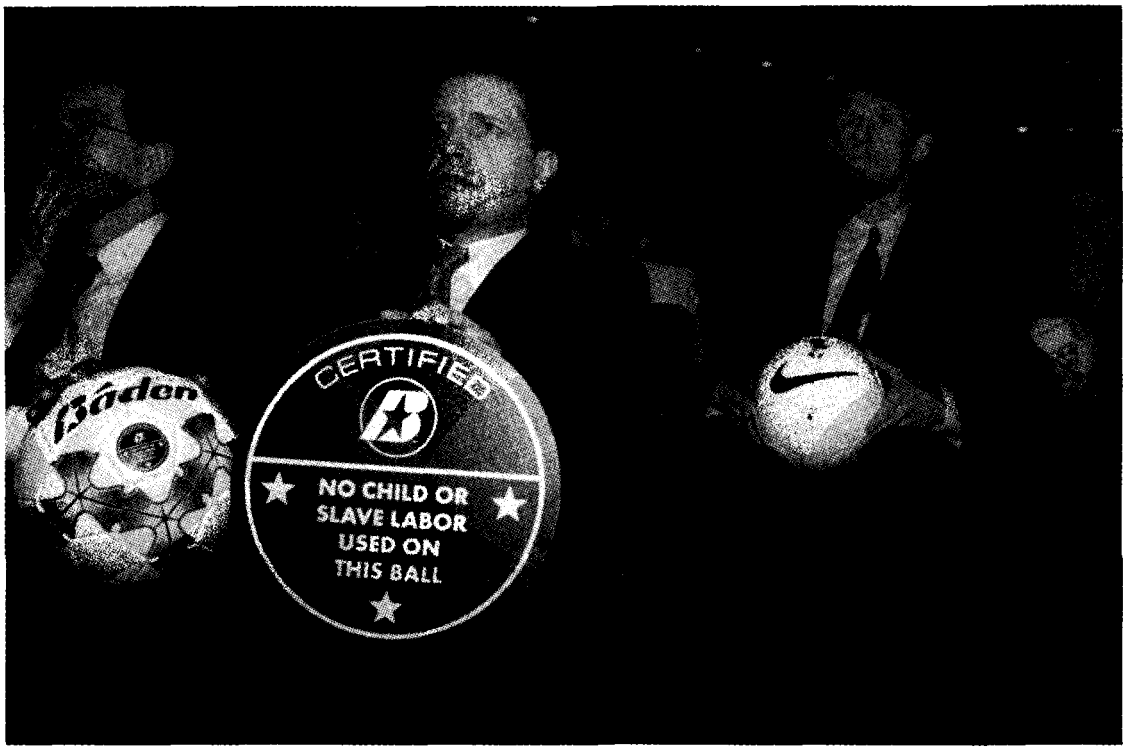

AP PHOTO

Playing ball: Sporting goods manufacturers promising to ban child labor, February 1997

rights abroad, and advocates of human rights have typically disdained corporations rather than embracing them. When Washington has pursued a human rights agenda, U.S. firms have historically been little more than the awkward instrument of U.S. policy: their activities are denied to rogue states as retribution for human rights abuses.

But perhaps there is another way to think about multinational involvement. In some cases and industries, the natural impact of U.S. firms may well be to hinder the development of human rights. Sometimes multinationals funnel capital to repressive states or abuse the labor force they find at their disposal. Sometimes their presence cements the power of dictators or helps suppress opposition groups. Earlier this century, for example, United Fruit helped mastermind a coup in Guatemala; ITT played a key role in overthrowing the popularly elected government of Salvador Allende in Chile; and U.S. mining and oil companies forged cozy relationships with dictatorial regimes across Africa. But overall and empirically there is little to suggest that U.S. investment is inherently bad for human rights in the developing world. If anything, the available evidence indicates that the presence of U.S. multinationals usually corresponds to an improvement in human rights. This relationship certainly does not prove that U.S. investment *causes* human rights to be more respected, but neither does it give any credence to predictions of exploitation and malfeasance. Investment by U.S. firms may well help move human rights in a positive direction.

It would be absurd to advocate investment by U.S. firms as a panacea for the human rights abuses that pepper the

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globe. A multitude of ills can only be addressed through diplomacy, persuasion, or sometimes force. But there are things that multinationals, especially U.S. multinationals, can do. Simply by following their own interests, they may influence the local environment in positive ways. They bring jobs, capital, technology, know-how, management techniques, labor relations, and administrative structures that are unlikely to depart too dramatically from U.S. standards. These working standards will nearly always be higher than those that prevail in the local developing economy.

Finally, U.S. multinationals bring with them the glare of public scrutiny and the changes it can induce in an increasingly global marketplace. When local producers in Vietnam, Pakistan, or Honduras exploit their work force, few in the West hear of it, especially if the products are not exported to Western markets. But when those same producers become suppliers to Reebok, Levi Strauss, or Walt Disney, their actions make headlines in the United States. Changing their behavior becomes, increasingly, a bottom-line concern of Reebok, Levi Strauss, and Disney.

Under these circumstances, the old Leninist link between multinational firms and foreign exploitation seems outmoded or even contradictory. Rather than having an interest in subverting human rights, corporations—particularly high-profile firms from open and democratic societies—may well see the commercial benefits of promoting human rights. It is ironic, and certainly not obvious. But in a world marked by international media and transnational activism, U.S. multinationals could be—indeed, may already be—a powerful instrument in the pursuit of human rights.

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The Specter of Secession

Responding to Claims for Ethnic Self-Determination

Hurst Hannum

The first rush of post–Cold War secessions may be over, but conflicts within states—often triggered by ethnic or cultural differences—will continue to proliferate. Ethnic conflict has replaced the Cold War as the primary interest of political and military theorists, and even conflicts that may be primarily political or economic in nature are frequently given an ethnic cast. Such conflicts pose substantial threats to international peace and human life, and the United States, other governments, and international organizations are increasingly being called upon to influence, intervene in, or broker solutions to them.

Ethnic wars of secession highlight the inherent tension between "self-determination" and "sovereignty" or "territorial integrity." One problem in developing coherent responses to such conflicts has been the vagueness of these terms. In the context of decolonization, self-determination meant immediate independence, but there has been continuing disagreement over its applicability to noncolonial situations. Lip service is also routinely paid to the principle of territorial integrity, but the shattering of the Soviet Union, Yugoslavia, Czechoslovakia, and Ethiopia within the past decade is a precedent not lost on many "nations" that would be states.

Neither sovereignty nor self-determination is an absolute right. Each is limited by other rights and international obligations. Sovereignty is limited not only by the rights of other states and the innumerable political and economic ties that bind them, but also by a legitimate international interest in human rights, the environment, and other issues formerly considered the sole jurisdiction of the state. Outside of the classic context of European decolonization, the free exercise of self-determination has been constrained historically by great-power rivalry, questions about the potential economic and political viability of new states, and the overarching goal of maintaining order and stability by preserving existing territorial arrangements wherever possible.

Despite continued claims to a "right" of secession by groups in Asia, Africa, Europe, and the former Soviet Union, no such right has yet been recognized by the

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international community. International law does not prohibit secession, whether voluntary or violent, but it has neither recognized a right to secede nor identified even tentatively the conditions that might give rise to such a right in the future.

Military force can establish control over a particular territory, but it cannot create international legitimacy. For example, Turkish forces have controlled the northern part of Cyprus for much longer than a unified Cypriot state has existed, yet no state—with the exception of self-interested Turkey—recognizes the Turkish Republic of Northern Cyprus as independent. Similarly, most countries reject Israel's annexation of East Jerusalem and the Golan Heights, Morocco's claims to the Western Sahara, and Indonesia's purported incorporation of East Timor.

PUTTING PEOPLE FIRST

If the international community feels compelled to insert itself into the extraordinarily difficult process through which people accept or reject national identity, it must agree on criteria for intervention that go beyond a simple political preference for one side or the other. Leaving aside for the moment the issue of purely humanitarian intervention—which should have nothing to do with competing claims over identity or territory—the only legitimate goal consistent with the present international order is ensuring that separation or unity occurs without disturbing international peace. In any other situation, military intervention in civil wars remains an unjustifiable and unwise interference in a state's domestic affairs.

But if territorial claims cannot justify foreign intervention, should claims to self-determination be totally ignored? Such silence would be politically impossible and, in some cases, morally objectionable. We are left, then, with the task of defining the appropriate degree of foreign interest in the face of an almost infinite variety of demands for self-determination.

Two historically consistent and morally justifiable purposes can be served by contemporary self-determination and are therefore deserving of international support: protecting individual and group identity and facilitating effective participation in government. The former purpose is today reflected largely by the human rights norms that have developed since 1945. The latter, sometimes referred to by Woodrow Wilson and others as "internal" self-determination, implies finding appropriate levels of democratic self-government to guarantee effective participation by all in the economic and political life of the country.

These purposes may often be realized within less-than-independent political entities. Strong national cultures can continue to survive even without their own states, such as the Catalans, Scots, Welsh, Indian Tamils, Quebecois, Tibetans, and many indigenous peoples—so long as the human rights of their members are protected.

This last point is reflected in the relatively recent development of minimum norms designed to protect the rights of both majorities and minorities. The United Nations, the Organization for Security and Cooperation in Europe, and many individual states are increasingly willing to criticize efforts by central governments to ignore regional or ethnic differences and denounce substate self-determination movements as merely "terrorists" or "rebels." Indeed, diplomats and nongovernmental organizations frequently urge states with ethnically

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diverse populations to adopt more flexible constitutional arrangements in order to accommodate desires for local self-government and cultural protection and to decrease the likelihood of violent conflict.

This new interest in internal constitutional arrangements raises difficult questions about which issues fall within a state's domestic jurisdiction and which are the legitimate concern of the international community. At the same time, however, the need to translate international norms into domestic reality highlights the essential role of democracy and the rule of law in protecting minority rights, as well as their more traditional role of safeguarding individual liberties.

Those who claim to speak on behalf of their nation should be able to demonstrate their mandate through free and fair elections or referendums. This requires a political system open enough to allow such representatives to emerge, but it also requires that would-be "ethnic entrepreneurs" demonstrate that they do in fact speak for the people they claim to represent. Merely creating a "national liberation movement" is insufficient evidence that there exists a widespread desire for secession or other major constitutional change within a state—although it may be the only option if repression prohibits the free expression of minority views.

Self-determination should be concerned primarily with people, not territory. It should not be used to defend abstract notions of sovereignty, to buttress fictitious claims of national destiny, or to resolve centuries-old territorial disputes. Nearly every state in the world was founded directly or indirectly on conquest. "Self-determination" cannot provide a meaningful standard against which to overturn acts that were considered legitimate and lawful at the time they were committed. (One might note that those who claim a right to independence based on historical arguments tend to choose the historical period that would give them the greatest amount of territory—that is, the period in which they themselves were successful conquerors.)

THE FOREMOST GOAL

The international community in general and the United States in particular will continue to be called upon to take sides in internal ethnic conflicts purportedly based on demands for self-determination. Guidelines for decision-making must be clearly articulated so that responses can be based on more than perceived short-term advantage and defended against charges of selectivity and hypocrisy.

When responding to claims of self-determination, protecting basic human rights should be policymakers' foremost goal. Human rights norms are widely accepted and give legitimacy to U.S. and U.N. actions. Not only are such ideals broadly supported and understood by the American public, but U.S. law requires them to be a primary concern of U.S. foreign policy. Thus, a basic factor in formulating responses to self-determination claims should be whether or not a particular action is likely to promote the rights of all of the people concerned. Cultural, linguistic, and religious rights must be respected, and neither minority nor majority should seek to impose its values on the other. In many instances, this will require only the guarantee of what some term "individual" rights to free expression, assembly, association, and religion. In other cases, innovative solutions—

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affirmative action, government representation, devolution of powers, or support for cultural activities—will be needed to make equality in fact match equality in law.

At the same time, however, it is important to reject the notions that every ethnically or culturally distinct people, nation, or group has an automatic right to its own state or that ethnically homogeneous states are inherently desirable. Even in an environment where human rights are respected, a global system of states based primarily on ethnicity or historical claims is clearly unachievable. Except in the smallest or most isolated environments, there will always be "trapped" minorities, no matter how carefully boundaries are drawn. Ethnically based states almost inevitably lead to claims of ethnic superiority on the part of the new majority and to a cultural rigidity that creates problems for new minorities. At their worst, newly created ethnic states may tolerate or encourage the killings and ethnic cleansing that scarred the dissolution of the former Yugoslavia.

This does not mean that the majority in a new state need ignore its own culture or the requirements of a modern state. Some "state-building" (for example, with respect to language or a common legal system) may be necessary to develop the administrative and economic ties that bind communities together. Thus cultural or ethnic minorities in a particular territory must accept that status and not expect their beliefs and customs to be reflected at the national level to the same extent as those of the majority population. This does not mean, however, that a minority need submit to a majority that seeks not merely to mandate conformity to statewide standards but rather to destroy cultures that deviate from the dominant model.

In general, policymakers should continue to reject the notion that there is a legal right of secession. This principle will properly force nationalists to abandon their claim that "we are a nation and therefore have a right to a state." On the other hand, central governments should no longer be allowed to hide behind the façade of national unity without explaining how minority rights are genuinely being protected.

There are two instances in which secession should be supported by the international community. The first occurs when massive, discriminatory human rights violations, approaching the scale of genocide, are being perpetrated. If there is no likelihood of a change in the attitude of the central government, or if the majority population supports the repression, secession may be the only effective remedy for the besieged group. Although support for secession raises serious issues regarding possible outside intervention, it is justifiable if the underlying abuses are sufficiently grave. Such circumstances will probably be uncommon, although the atrocities against, for example, Tibetans in China or Kurds in Iraq might qualify. It is important to remember, however, that such exceptions are based primarily on the need to alleviate human suffering, not on acceptance of the impossible equation of one nation to one state.

A second possible exception might find a right of secession if reasonable demands for local self-government or minority rights have been arbitrarily rejected by a central government—even without accompanying large-scale violence. This exception, however, would come

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into play only when minimal demands are rejected; it does not mean that the United States or the United Nations should substitute its judgment of what is fair or politically reasonable for that of the parties involved. The 1992 U.N. General Assembly declaration on minority rights only calls on states to "protect the existence" of minorities, granting the latter the right "to participate effectively in cultural, religious, social, economic and public life." It neither mandates the scope of that participation nor grants minorities a veto over all actions that might affect them.

WHEN RIGHTS CLASH

The United States and others should generally encourage resolution of self-determination claims by means short of secession, except when the parties agree to the division of a state. Statehood is not necessary to guarantee the legitimate human rights of groups and individuals to protect and promote their culture, language, and traditions. The fulfillment of other goals, such as increased political and economic power, is more legitimately sought through the normal democratic process. At the same time, however, the United States should recognize that minimum human rights and minority rights standards are expanding beyond the purely individualistic focus of America's own traditions, incorporating the areas of language, culture, and education. Potential mediators and advisers will need to become familiar with comparative arrangements for power-sharing, devolution, federalism, confederation, territorial and functional autonomy, self-government, special participation rights for minorities or regional groups, proportional representation, and similar arrangements.

To ensure equity, minorities in a new state founded to preserve ethnic or cultural homogeneity should be granted the same rights of self-determination that were asserted by the seceding population. Legitimate self-determination can only be exercised on the basis of the consent of all involved parties, not just those who wish to separate. If neither international law nor politics offers a mechanism through which minorities trapped within a new ethnic state may rejoin their former state or, at least, create an autonomous region within their new home, rejection of the new borders by force may be seen as the only alternative.

Put simply, redressing historical grievances or responding to contemporary dissatisfactions cannot justify the dispossession of members of ethnic minorities who now live in the territory in question and whose ancestors may have lived there for generations. No group can claim exclusive control over a territory forever. It is morally impossible to decide which individuals should be forced to choose between emigrating or remaining under "alien" domination and which other groups should be rewarded with ethnically based political power in the form of a new state.

If our concern is with peoples rather than territories, there is no reason to regard existing administrative or "republic" boundaries within states as sacrosanct. In most cases, the best way of determining the wishes of those within a new state would be through a series of plebiscites to redraw what were formerly internal boundaries. Such plebiscites could be subject to various limitations to ensure that they would not be used in haste or to create enclaves that are not viable. Accepting the possibility of altering borders

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peacefully might be a useful precondition for recognition of a new state whenever a significant proportion of the population appears not to support the new borders.

Finally, when armed conflict occurs, responsibility for war crimes and crimes against humanity must be distinguished from the underlying political agendas of all sides. The United States and others should continue to support international accountability for such criminals, even if the problems of such prosecutions are only too evident from the halting work of the U.N. tribunals on Rwanda and the former Yugoslavia. Nonetheless, prosecution of war criminals should not be linked to the merits of self-determination claims. A principled response to self-determination claims asserted prior to the outbreak of armed conflict cannot depend on whether war crimes are committed after the conflict begins.

The approach outlined above will not necessarily deter highly motivated groups or power-hungry individuals from seeking independence, whether for honest motives or ulterior ones. But the present lack of both normative and moral clarity may be responsible for at least some of the increased separatist violence of the post–Cold War years. Emboldened by the international community's acceptance of the dissolution of Yugoslavia (and not attuned to the fine distinctions drawn by European diplomats and lawyers between "dissolution" and "secession"), dissatisfied groups in all parts of the world have decided that wars of national liberation are more likely to obtain meaningful outside support than lower-keyed appeals for minority rights or autonomy.

A more clearly formulated set of international norms, such as those suggested here, may discourage at least some questionable claims and the ready resort to violence that often accompanies them. Such an approach will not satisfy partisans who extol either the virtues of yesterday's "national" identity or the needs of today's modern state. Even so, recognizing and accommodating conflicting rights is the only way in which the world can respond to diametrically opposed demands in a politically and morally principled manner.

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Refocusing the IMF

Martin Feldstein

OVERDOING IT IN EAST ASIA

In the Asian currency crisis, the International Monetary Fund is risking its effectiveness by the way it now defines its role as well as by its handling of the problems of the affected countries. The IMF's recent emphasis on imposing major structural and institutional reforms as opposed to focusing on balance-of-payments adjustments will have adverse consequences in both the short term and the more distant future. The IMF should stick to its traditional task of helping countries cope with temporary shortages of foreign exchange and with more sustained trade deficits.

Today's emphasis on structural and institutional reforms has not always been part of IMF programs. The IMF was founded in 1945 to help operate a system of fixed exchange rates, in which all currencies were pegged to the dollar, in turn fixed with respect to gold, that experts then considered necessary to encourage international trade. Although that system succeeded temporarily, differences in inflation between countries forced many to alter their currency values. When the fixed-rate system collapsed completely in 1971, the IMF was forced to find a new raison d'être.

The fund found a new and important role, which is still appropriate for the current crisis, in the 1980s. Changes in economic conditions led Mexico and other Latin American countries to announce they could not meet the interest and principal payments on their large borrowings from overseas commercial banks. A default on those obligations would have wiped out the capital of many leading banks in the United States,

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Europe, and Japan, so the U.S. government provided a temporary bridge loan that allowed Mexico to meet its imminent payments. Negotiations then began between the Mexican government and representatives of the lending banks, who agreed to restructure the debts, lengthening maturities and lending additional money with which the borrowers could meet part of their interest obligations. Similar negotiations were later conducted with the other Latin American debtors.

To meet their interest obligations and reduce their outstanding debt, Latin American countries had to earn more foreign exchange by increasing their exports or decreasing their imports. So Latin American governments raised taxes, cut government outlays, and tightened credit to reduce domestic uses of national output. The IMF monitored these adjustments and provided moderate amounts of credit to indicate that it was satisfied with the policy progress that the debtors were making. But the primary provision of credit was left to negotiations between the foreign banks and each of the debtor countries.

Over time the process was successful. The region's economic growth eventually resumed, and the countries were generally able to service their rescheduled debts. The commercial banks wrote off some loans of small, heavily indebted countries. In the end the banks swapped their remaining loan balances for so-called Brady Bonds that had government guarantees but paid less interest or had a reduced principal. This approach succeeded because of a general recognition that the problem of the major Latin American countries was one of liquidity rather than insolvency—that is, they were temporarily unable to pay current foreign obligations but were not permanently unable to earn enough foreign currency by exporting to service and repay their debts.

The next major chapter in the IMF's history began with the collapse of the Soviet Union and the liberation of its former European satellites. These countries needed to shift from communism to a market economy and to integrate themselves into international financial markets. Their officials, bankers, and economists had little or no experience with market economics. The IMF could therefore provide useful advice on a much wider range of economic issues than it had previously done in Latin America or elsewhere in the world. Much of this advice—about the strategy of privatization, banking systems, and tax structures—

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was useful. Much of it was also controversial. But while economists outside the fund had a variety of views about the right way for Russia and the other countries of Eastern Europe and the former Soviet Union to proceed, the IMF was generally able to get its way because it brought substantial financial rewards to countries that accepted its advice.

The IMF is now acting in Southeast Asia and Korea in much the same way that it did in Eastern Europe and the former Soviet Union: insisting on fundamental changes in economic and institutional structures as a condition for receiving IMF funds. It is doing so even though the situations of the Asian countries are very different from that of the former Soviet Union and Eastern Europe. In addition, the IMF is applying its traditional mix of fiscal policies (higher taxes, less government spending) and credit tightening (implying higher interest rates) that were successful in Latin America. To assess the appropriateness of these policies, it is necessary to understand what is happening in Asia.

THE ASIAN MELTDOWN

THE SOUTHEAST Asian currency collapse that began in Thailand was an inevitable consequence of persistent large current account deficits and of the misguided attempt of Thailand, Indonesia, Malaysia, and the Philippines to maintain fixed exchange rates relative to the dollar. Thailand's current account deficit—the sum of its trade deficit and the interest on its foreign obligations—had exceeded four percent of Thailand's GDP since 1990, implying that Thailand had to attract that much foreign capital each year. Such large current account deficits have inevitably ended in a sharp decline in the local currency's value when foreign creditors and domestic investors became concerned that the borrower would be unable to service its debts. Thailand's large current account deficit persisted for a surprisingly long time because creditors believed that Thailand might be "different" since much of the capital inflow came as direct investment by Japanese manufacturing firms and lending by their affiliated banks. Creditors also derived confidence from Thailand's high savings rate and its government budget surplus, noting that the current account deficit reflected enormously high business investment rather than

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government or consumer profligacy. But the primary thing that kept foreign funds coming to Thailand and local funds staying there was the combination of relatively high interest rates on Thai baht deposits and a promise that the baht's value would remain fixed at 25 baht per dollar. It looked like too good a deal to pass up.

But the baht's fixed value relative to the dollar could not be sustained. The pressure for a devaluation of the baht increased in 1996 and 1997 when the Japanese yen declined by 35 percent relative to the dollar. Since Japan is Thailand's major trading partner, the sharp rise in the value of the dollar (and therefore of the baht) relative to the yen made Thai products more expensive and therefore less competitive and pointed to even larger trade deficits in the future. Foreign speculators as well as local investors began to sell bahts. The Thai government secretly bought the baht to support its value but eventually had to give up. At that point the IMF stepped in with a multibillion dollar rescue plan.

The Thai currency collapse spread to Indonesia, Malaysia, and the Philippines as financial investors became worried about their large current account deficits, high ratios of foreign debt to local GDP, and deteriorating trade competitiveness. Each country was forced to abandon its fixed exchange-rate policy and let the market determine the currency's value. Indonesia lacked the reserves to meet its short-term obligations and called in the IMF. Malaysia has not yet done so, while the Philippines was already in an IMF program when the crisis began.

All of these countries clearly need to shrink their current account deficits by increasing exports and reducing imports. That in turn requires reductions in public and private consumption and investment. The proper remedy is a variant of the traditional IMF medicine tailored specifically to each country—some combination of reduced government spending, higher taxes, and tighter credit. Even in those countries where government budgets are already in surplus, an increase in taxes or a reduction in government spending will shrink the current account deficit. The experience in Latin America provides a useful model of what can be done.

But the IMF's role in Thailand and Indonesia went far beyond the role that it played in Latin America. Instead of relying on private banks and serving primarily as a monitor of performance, the IMF

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took the lead in providing credit. In exchange, it has imposed programs requiring governments to reform their financial institutions and to make substantial changes in their economic structures and political behavior. The conditions imposed on Thailand and Indonesia were more like the comprehensive reforms imposed on Russia, including the recent emphasis on reducing Russian corruption, than like the macroeconomic changes that were required in Latin America. In Indonesia, for example, in exchange for a $40 billion package (more than 25 percent of Indonesia's GDP), the IMF has insisted on a long list of reforms, specifying in minute detail such things as the price of gasoline and the manner of selling plywood. The government has also been told to end the country's widespread corruption and curtail the special business privileges used to enrich President Suharto's family and the political allies that maintain his regime. Although such changes may be desirable in many ways, past experience suggests that they are not needed to maintain a flow of foreign funds.

In Indonesia the IMF's reforms have specified minute details like the price of gasoline.

The Korean situation is different from that of the four countries of the Association of Southeast Asian Nations and is more important because its economy is the 11th-largest in the world. Korea's problem did not stem from an overvalued exchange rate and an excessive current account deficit. The value of the Korean won had not been fixed in recent years but had gradually adjusted to maintain Korea's competitiveness. A collapse of the market for semiconductors, a major Korean export, had caused Korea's current account deficit to jump from 1.7 percent of GDP in 1995 to 4.7 percent of GDP in 1996. But by mid-1997 it was already back to a 2.5 percent annual rate and heading lower.

The Korean economy was performing well: real GDP grew at eight percent per year in the 1990s, as it had in the 1980s, inflation was below five percent, and the unemployment rate was less than three percent. Although there were recent bankruptcies among the smaller business conglomerates and merchant banks, this was clearly an economy to envy. Korea got in trouble in mid-1997 because its business and financial institutions had incurred short-term foreign debts that far exceeded Korea's foreign exchange assets.

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By October, U.S. commercial banks estimated that Korea's short-term debts were $110 billion—more than three times Korea's foreign exchange reserves. With investors nervous about emerging markets in general and Asia in particular, it is not surprising that the Korean won came under attack.

Since Korea's total foreign debt was only about 30 percent of GDP (among the lowest of all developing nations), this was clearly a case of temporary illiquidity rather than fundamental insolvency. Moreover, since the current account deficit was very small and rapidly shrinking, there was no need for the traditional IMF policy of reduced government spending, higher taxes, and tight credit. Yet something needed to be done to stop the loss of foreign exchange and to maintain bank lending to the country and its healthy businesses. Because of the overhang of excess short-term foreign liabilities, each foreign bank acting independently had a strong incentive not to roll over its loans. Investors, fearing a drain on Korea's reserves and a depressed won, were induced to anticipate the process by selling the won immediately.

What Korea needed was coordinated action by creditor banks to restructure its short-term debts, lengthening their maturity and providing additional temporary credits to help meet the interest obligations. The creditors should have preferred this course to having the borrowers default on their loans, just as the creditors did 15 years earlier in their negotiations with the Latin American debtors. The rate of interest required to attract such long-term foreign lending on a voluntary basis—and thereby avoid a withdrawal of private lending to other emerging-market countries—was about four percentage points above the interest rate on U.S. Treasury bonds and therefore well within what Korea could finance by its exports. During November the interest rate on ten-year dollar bonds issued by the government-backed Korea Development Bank varied between two percent and four percent above the interest rate on U.S. Treasury bonds. Even a four percent premium on a completely restructured Korean foreign debt would have been equal to only about one percent of Korea's GDP and about four percent of its exports. The IMF could have helped by providing a temporary bridge loan and then organizing the banks into a negotiating group. (In fact, the IMF did

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just that in late December with the help of the national central banks after its original plan had failed.)

Instead, the IMF organized a pool of $57 billion from official sources—the IMF, the World Bank, the U.S. and Japanese governments, and others—to lend to Korea so that its private corporate borrowers could meet their foreign currency obligations to U.S., Japanese, and European banks. In exchange for those funds, the IMF demanded a fundamental overhaul of the Korean economy and a contractionary macroeconomic policy of higher taxes, reduced spending, and high interest rates.

The IMF's program emphasized eight structural problems of the Korean economy that it said had to be changed. Foreign investors are not able to acquire Korean businesses by purchasing their shares or to own majority stakes in Korean businesses. Korea's domestic financial markets are not fully open to foreign banks and insurance companies. Imports of some industrial products are still restricted, especially Japanese cars. Korean banks do not apply good Western banking standards of credit evaluation but follow what might be called the Japanese development model, in which the government guides banks to lend to favored industries in exchange for an implicit guarantee of the loans. The Bank of Korea is not independent and does not have price stability as its only goal. The corporate structure involves large conglomerates (the *chaebols*) with an extremely wide range of activities and opaque financial accounts. Korean corporations generally have very high debt-to-capital ratios that make them risky debtors for domestic and foreign lenders. Finally, Korean labor laws make layoffs very difficult and provide strong impediments to the flow of workers between firms.

The IMF said that it would provide credit only as Korea altered these central features of its economy. It predicted that economic growth in 1998 would be only half the 1997 level and that the unemployment rate would double. These conditions would be exacerbated by the IMF's requirement for high interest rates and for tighter fiscal policy to reduce the budget deficit between 1997 and 1998. Many private observers estimated that the adverse effects on output and employment would be substantially worse.

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EVALUATING THE STRATEGY

THE FUNDAMENTAL issue is the appropriate role for an international agency and its technical staff in dealing with sovereign countries that come to it for assistance. It is important to remember that the IMF cannot initiate programs but develops a program for a member country only when that country seeks help. The country is then the IMF's client or patient, but not its ward. The legitimate political institutions of the country should determine the nation's economic structure and the nature of its institutions. A nation's desperate need for short-term financial help does not give the IMF the moral right to substitute its technical judgments for the outcomes of the nation's political process.

The IMF should provide the technical advice and the limited financial assistance necessary to deal with a funding crisis and to place a country in a situation that makes a relapse unlikely. It should not use the opportunity to impose other economic changes that, however helpful they may be, are not necessary to deal with the balance-of-payments problem and are the proper responsibility of the country's own political system.

In deciding whether to insist on any particular reform, the IMF should ask three questions: Is this reform really needed to restore the country's access to international capital markets? Is this a technical matter that does not interfere unnecessarily with the proper jurisdiction of a sovereign government? If the policies to be changed are also practiced in the major industrial economies of Europe, would the IMF think it appropriate to force similar changes in those countries if they were subject to a fund program? The IMF is justified in requiring a change in a client country's national policy only if the answer to all three questions is yes.

The Korean case illustrates the need for this test very well. Although many of the structural reforms that the IMF included in its early-December program for Korea would probably improve the long-term performance of the Korean economy, they are not needed for Korea to gain access to capital markets. They are also among the most politically sensitive issues: labor market rules, regulations of corporate structure and governance, government-

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business relations, and international trade. The specific policies that the IMF insists must be changed are not so different from those in the major countries of Europe: labor market rules that cause 12 percent unemployment, corporate ownership structures that give banks and governments controlling interests in industrial companies, state subsidies to inefficient and loss-making industries, and trade barriers that restrict Japanese auto imports to a trickle and block foreign purchases of industrial companies.

Korea does not need structural reforms to gain immediate access to capital markets.

Imposing detailed economic prescriptions on legitimate governments would remain questionable even if economists were unanimous about the best way to reform the countries' economic policies. In practice, however, there are substantial disagreements about what should be done. Even when there has been near unanimity about the appropriate economic policies, the consensus has changed radically. After all, the IMF was created to defend and manage a fixed exchange-rate system that is now regarded as economically inappropriate and practically unworkable. Similarly, for a long time the advice to developing countries that came from the World Bank, the IMF's sister institution, and from leading academic specialists emphasized national plans for government-managed industrial development. The official and very influential U.N. Economic Commission for Latin America preached the virtues of protectionist policies to block industrial imports in order to encourage countries to develop their own manufacturing industries. Now the consensus of professional economists and international agencies calls for the opposite policies: flexible exchange rates, market-determined economic development, and free trade.

Today, there is nothing like unanimity about the appropriate policies for Korea or Southeast Asia. Korea's outstanding performance combining persistently high growth, low inflation, and low unemployment suggests that the current structure of the Korean economy may now be well suited to Korea's stage of economic and political development and to Korean cultural values stressing thrift, self-sacrifice, patriotism, and worker solidarity. Even if it were desirable for Korea to shift toward labor, goods, and capital

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markets more like those of the United States, it may be best to evolve in that direction more gradually and with fewer shocks to existing businesses. Unless the reforms could only be done under the duress of an IMF program or are specifically needed to end the liquidity problem, making the transition in the midst of a currency crisis would be very poor timing.

The short-term macroeconomic policies that the IMF prescribed for Korea are equally controversial. The program calls for the traditional IMF prescription of budget deficit reduction (by raising taxes and cutting government spending) and a tighter monetary policy (higher interest rates and less credit availability), which together depress growth and raise unemployment. But why should Korea be required to raise taxes and cut spending to lower its 1998 budget deficit when its national savings rate is already one of the highest in the world, when its 1998 budget deficit will rise temporarily because of the policy-induced recession, and when the combination of higher private savings and reduced business investment are already freeing up the resources needed to raise exports and shrink the current account deficit?

Under the IMF plan, the interest rate on won loans is now about 30 percent, while inflation is only 5 percent. Because of the high debt typical of most Korean companies, this enormously high real interest rate of 25 percent puts all of them at risk of bankruptcy. Why should Korea be forced to cause widespread bankruptcies by tightening credit when inflation is very low, when the rollover of bank loans and the demand for the won depend more on confidence than on Korean won interest rates, when the failures will reduce the prospect of loan repayment, and when a further fall in the won is an alternative to high interest rates as a way to attract won-denominated deposits? Although a falling won would increase the risk of bankruptcies among Korean companies with large dollar debts, the overall damage would be less extensive than the bankruptcies caused by very high won interest rates that would hurt every Korean company. Finally, why should Korea create a credit crunch that will cause even more corporate failures by enforcing the international capital standards for Korean banks when the Japanese government has just announced that it will not enforce those rules for Japanese banks in order to avoid a credit crunch in Japan?

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ENCOURAGING EXCESSIVE RISK

THE IMF faces a serious dilemma whenever it deals with a country that cannot meet its obligation to foreign creditors. The IMF can encourage those creditors to roll over existing loans and provide new credit by promising them that they will be repaid in full. That type of guarantee was implicit in the IMF's $57 billion credit package for Korea. But promising creditors that they will not lose in the current crisis also encourages those lenders and others to take excessive future risks. Banks that expect loans to be guaranteed by governments do not look as carefully as they should at the underlying commercial credit risks. And when banks believe that the availability of dollars to meet foreign exchange obligations will be guaranteed by the IMF, they will not look carefully at the foreign exchange risk of the debtor countries.

There is no perfect solution to this "moral hazard" problem. In principle, the IMF and the Korean government should provide the guarantees needed to keep current creditors engaged while swearing that it is the last time that such guarantees will be provided. Although there may be no way to make such a promise persuasively, the IMF may have encouraged future lenders too much by the speed with which it took control—without waiting for lenders and borrowers to begin direct negotiations with each other. The call by IMF Managing Director Michel Camdessus for member governments to provide an additional $60 billion in IMF resources, on top of the $100 billion increase requested last September, just after announcing the Korean program in December also encourages banks and other lenders to believe they will be bailed out in the future.

At the same time, the message to emerging-market countries sent by painful and comprehensive reform programs was that they should avoid calling in the IMF. Malaysia is now doing just that, even though its conditions are roughly similar to those of Thailand and Indonesia. More generally, the tough program conditions make it difficult to get a country to work with the IMF until it is absolutely necessary. The IMF appears like the painful dentist of the old days: just as patients postponed visits until their teeth had to be pulled, the countries with problems wait too long to seek technical advice and modest amounts of financial help.

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The desire to keep out of the IMF's hands will also cause emerging-market economies to accumulate large foreign currency reserves. A clear lesson of 1997 was that countries with large reserves could not be successfully attacked by financial markets. Hong Kong, Singapore, Taiwan, and China all have very large reserves, and all emerged relatively unscathed. A country can accumulate such reserves by running a trade surplus and saving the resulting foreign exchange. It would be unfortunate if developing countries that should be using their export earnings to finance imports of new plants and equipment use their scarce foreign exchange instead to accumulate financial assets.

Painful reforms can encourage countries to wait too long to seek modest financial help.

When the foreign exchange crisis hit Korea, the primary need was to persuade foreign creditors to continue to lend by rolling over existing loans as they came due. The key to achieving such credit without an IMF guarantee of outstanding loans was to persuade lenders that Korea's lack of adequate foreign exchange reserves was a temporary shortage, not permanent insolvency. By emphasizing the structural and institutional problems of the Korean economy, the fund's program and rhetoric gave the opposite impression. Lenders who listened to the IMF could not be blamed for concluding that Korea would be unable to service its debts unless its economy had a total overhaul. Given the magnitude of the prescribed changes, lenders might well be skeptical about whether Korea would actually deliver the required changes, regardless of what legislation it enacted. Even the $57 billion IMF pool did not promote confidence in Korea's ability to pay since the IMF emphasized that the money would be released only as Korea proved that it was conforming to the IMF program. Unsurprisingly, after the program was announced, the bond rating agencies downgraded Korean debt to junk bond status.

As a result, by late December Korea's reserves were almost gone, shrinking at a rate of $1 billion a day. The U.S. government and the IMF recognized that the original strategy had failed and agreed to accelerate $10 billion of the committed loans as a bridge to prevent a default. More important, the U.S. Federal Reserve and the other major central banks called in the leading commercial banks and urged

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them to create a coordinated program of short-term loan rollovers and longer-term debt restructuring. The banks agreed to roll over the loans coming due immediately, and the crisis was averted. The banks are now meeting with the Korean government to develop plans for longer-term restructuring. The situation in Korea might have been much better and the current deep crisis avoided had such negotiations begun much earlier.

Several features of the IMF plan are replays of the policies that Japan and the United States have long been trying to get Korea to adopt. These included accelerating the previously agreed upon reductions of trade barriers to specific Japanese products and opening capital markets so that foreign investors can have majority ownership of Korean firms, engage in hostile takeovers opposed by local management, and expand direct participation in banking and other financial services. Although greater competition from manufactured imports and more foreign ownership could in principle help the Korean economy, Koreans and others saw this aspect of the plan as an abuse of IMF power to force Korea at a time of weakness to accept trade and investment policies it had previously rejected.

The IMF would be more effective in its actions and more legitimate in the eyes of emerging-market countries if it pursued the less ambitious goal of maintaining countries' access to global capital markets and international bank lending. Its experts should focus on determining whether the troubled country's problem is one of short-term liquidity and, if so, should emphasize that in its advice and assistance. The IMF should eschew the temptation to use currency crises as an opportunity to force fundamental structural and institutional reforms on countries, however useful they may be in the long term, unless they are absolutely necessary to revive access to international funds. It should strongly resist the pressure from the United States, Japan, and other major countries to make their trade and investment agenda part of the IMF funding conditions.

The IMF should remember that the borrowers and the lending bankers or bondholders should bear primary responsibility for resolving the problems that arise when countries or their corporations cannot meet their international debt obligations. The IMF should provide technical assistance on how the debtors can improve their current

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account balances and increase their foreign exchange. It should act as a monitor of the success that the country is making in moving toward self-sustainable liquidity, providing its own funds as an indication of its confidence in the country's progress rather than as a bailout of international lenders and domestic borrowers. If the IMF can focus its attention on this narrower agenda, it can devote more of its scarce staff talent to the problem of crisis prevention. The IMF should work with countries that have not yet reached a currency crisis in order to prevent the large current account deficits or the excess short-term debts that could later precipitate a crisis. If the fund is seen more as a client-focused and supportive organization than as the imposer of painful contractions and radical economic reforms, it is likely to find that countries will be more willing to invite its assistance when it can be most helpful.

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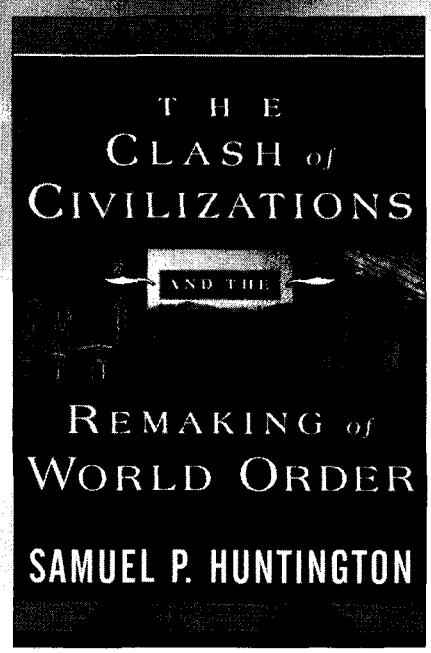

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Fueling Asia's Recovery

Daniel Yergin, Dennis Eklof & Jefferson Edwards

WILL ENERGY SPOIL IT?

THE FINANCIAL contagion sweeping through Asia is forcing a reassessment of the continent's future, including assumptions about energy—the lifeblood of economics and a critical factor in the geopolitics of the region. In recent decades, Asia's rapid economic growth has meant even more rapid increases in the consumption of energy. A failure to satisfy its enormous needs, it was thought, would undermine the Asian economic miracle. But now that miracle is on hold, further complicating the already tangled interaction between energy, economics, and politics. While the recent economic downturn may alleviate some of these demand pressures for now, an inability to satisfy Asia's hunger for energy over the longer term will raise new risks and even dangers. But the solution to its potential energy insecurity is not simply a matter of applying the traditional government-based solutions—resource management and diplomacy. This problem can only be solved by accelerating the trend toward market-based energy strategies.

Supplying energy to Asia has never been a simple task. Indeed, the phenomenal economic growth most East and Southeast Asian countries experienced over the recent decades has been doubly miraculous since it occurred despite severely limited energy resources in

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some of the fastest-growing economies. Japan, South Korea, Taiwan, and Hong Kong all built powerful, dynamic economies without much domestic oil or natural gas. Though some countries in Asia—Indonesia and China, for example—blessed with an abundance of natural resources, have thus far avoided dependence on foreign energy supplies, in the coming years virtually all Asian countries will become net importers of oil. In fact, in 1993 China moved from being a net exporter of oil to a net importer, representing a fundamental change in Asia's energy balance. Even if the current economic crisis reduces growth in Asia's oil demand to just one percent in each of the next three years, compared with an average 5.2 percent from 1990 to 1995, demand would still be 9 million barrels of oil per day higher in 2010 than in 1996—an increase greater than the entire current output of Saudi Arabia. Demand for electric power—supported by rural electrification programs, increasing urbanization, and the rapid growth of the independent power industry in the past decade—will more than double by 2010, despite the current crisis.

The crisis has two immediate consequences for energy in Asia. The first is an oil price shock for the affected countries similar to that which the world experienced in the 1970s. The rapid devaluation of Asian currencies means that for some countries the dollar price of oil imports is two or three times higher than it was a year ago. These price increases have already become a lightning rod for protest in countries whose politics and underlying social contracts are now so unsettled. In the Philippines and Indonesia, in particular, fuel price hikes have led to social unrest in recent months. The second consequence is that growth in energy demand will slow temporarily, taking the pressure off the supply system, and in the process undermining one of the main premises in energy planning around the world.

However, after what will most likely be a temporary pause, Asian energy consumption will again rise sharply in two or three years. The reason is that there really was an Asian economic miracle, and the conditions for high growth—discipline, flexibility, high savings, rapid absorption of technology, an embrace of international markets, and strong entrepreneurial networks—are still in place. The source of the economic crisis is in the badly regulated private financial sector. Solutions exist to remedy these financial problems—assuming that the affected countries take appropriate measures to prevent the kind

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of long slump that Japan has experienced since the beginning of the decade. Once Asia begins to recover, meeting the region's energy needs will again become a preoccupation—and an anxiety. The specter of increased demand for energy producing tensions, competition, and outright conflict between the region's important countries will then reemerge. Increased energy consumption will inevitably clash with limited regional supplies, particularly of oil. But the gloomy scenarios of conflict are unlikely to materialize because of a sea change in the approaches to economics and conflict around the world.

CONFRONTATION OR COOPERATION?

SOLUTIONS TO the problem of increased demand for energy in Asia are a mix of old imperatives—diversification of supply, development of strategic reserves, and an ongoing search for new domestic sources—and innovative new commercial approaches to overcoming resource constraints. This mix of old and new is especially perplexing when it comes to China. The outlook for China's future energy demand is sometimes taken as the starting and ending point of analysis. Its energy needs are growing so rapidly that many describe Beijing's policy options in ways that come perilously close to the shortage-equals-security-threat scenarios of the 1970s. Certainly one area, the South China Sea, stands out as a potential arena for competition and confrontation, and there are scenarios that point to a struggle over resources that could shake the entire region.

But there is a contrasting view, based on cooperation, integration, and cross-border investment. In this view, stresses will be resolved not through massive armies and blue-water navies, but through markets and investment within the ever-denser web of international commerce. The end of the Cold War and rapid technological change have accelerated the move toward a truly global economy, a change from an era in which states sought to dominate the commanding heights of their economies to a world in which the ideas of markets, commercialization, deregulation, and privatization have captured the commanding heights of world economic thinking.

An important source of increasing market integration will be natural gas, a key alternative to oil. The potential for new gas resources

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and markets within Asia is much greater than recently believed. But realizing the potential of abundant gas supplies, particularly in Central and Southeast Asia, will require bilateral and multilateral cooperation in order to move the gas from often remote reserves to urban markets. Building pipelines and other infrastructure will be necessary, and will require a new level of international cooperation and investor confidence. Cooperation and integration, not elbow-jabbing neomercantilist rivalry, are the keys to bringing additional supplies of Asian natural gas to market.

Once Asia begins to recover, meeting its energy needs will again become an anxiety.

Some countries, including Japan, Thailand, and the Philippines, are moving away from the traditional security strategies of the 1970s and 1980s and looking instead to privatization, competition, and open markets to supply energy, capital, and infrastructure. This change is taking place partly out of conviction and experience and partly out of necessity. The pressing financial needs of some countries in the region may hasten the move toward market-based solutions to energy supply, which include the privatization of publicly owned national corporations, the opening of energy supplies to international businesses, the development of regional markets, the opening of borders, and the emergence of entrepreneurial international developers—whether from the oil, gas, or power-generating business. Indeed, the rapid growth of the independent power industry across Asia may be one of the most powerful symbols of these countries' opening toward market-based solutions to meet growing energy needs. In 1996 alone, financial closing was achieved for privately invested power projects in Asia that represented more than $10 billion of investment.

While markets will resolve more and more energy issues, there are some areas in which diplomatic efforts are still needed. Traditional anxieties related to the exploitation of resources, such as who is sovereign over a particular piece of land or seabed, guarantee the persistence of old-fashioned diplomacy. Ensuring safe passage for crude oil, refined products, and liquefied natural gas through contested waters—particularly in the South China Sea—stands at the top of the list of such concerns. Yet energy security does not now mean a preparation for conflict, but rather for competition, an approach that comes

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with achieving security of trade and financial flows across borders by competitive liberalization. The starting point for the discussion, however, must be the fundamentals of the marketplace.

WHEN GROWTH RETURNS

DESPITE A slowdown in energy demand growth across East Asia that has accompanied the current financial crisis, the region will still account for much of the growth in world energy demand. Asia's export-driven industrialization, its dramatic expansion in the use of cars and other fossil fuel-powered transportation, its rapid urbanization, and its (politically crucial) electrification programs will combine to increase primary energy demand at an annual rate of between 4 and 5 percent through 2010, in contrast to an annual global rise of about 2 percent.

Some of Asia's developing economies may soon see significantly slower energy demand growth, but it should rebound after 2000. Between now and 2010, growing by 4 percent each year, Asia's oil demand will account for more than 50 percent of the global increase. As economic growth returns to the countries of the Association of Southeast Asian Nations (ASEAN), oil demand growth should accelerate again to 6 percent annually. Transportation fuel consumption will rise even more quickly, as will growth in electricity demand, which will measure 6.5 to 7 percent per year, while in some countries it will be as much as 10 percent per year. Meeting the growing demand for electricity—rather than for personal transportation—is the critical energy issue across Asia. The biggest concern is not angry motorists, but rather brownouts and blackouts that disrupt hospitals, schools, and factories and whose impact can be measured in terms of lost GDP.

Thus Asia will again be looking at rapid demand growth, but where will the supply come from? The challenge will be to deliver the equivalent of as much as 40 million additional barrels of oil per day between 1996 and 2010. Those concerned by a perceived demand-supply gap with pressing security overtones have focused on Asian crude oil production—with good reason. Total oil productive capacity is projected to peak at approximately 8 million barrels per day in the

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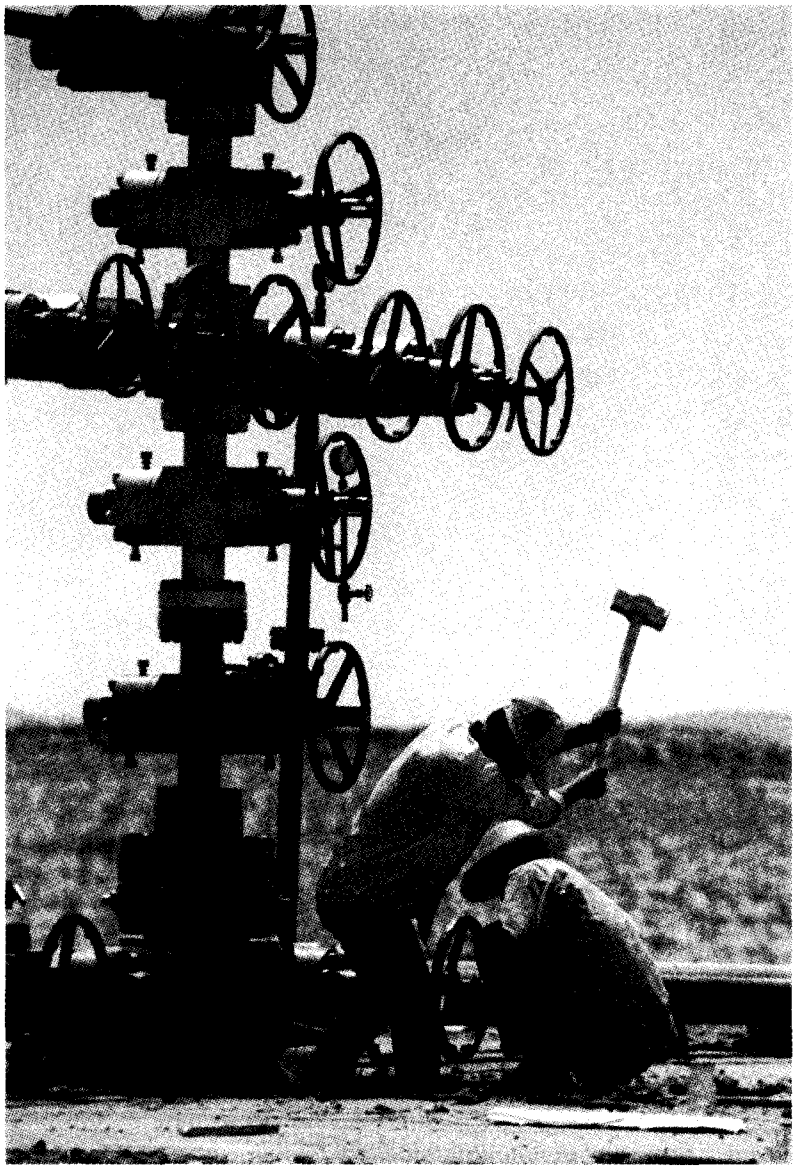

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The Tazhong oil field in China's Tarim Basin, 1995

Far East between 2000 and 2005. Self-sufficiency in coal and increased use of natural gas may shift dependence away from oil over the long term, but the net increase in oil imports from 1996 to 2010 will still be 9 million barrels per day or more.

Even at the reduced rates of oil demand growth forecast for the next few years, and in the absence of major new supplies, Indonesia, Malaysia, and possibly even Vietnam will join China as net importers

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of oil over the next decade. This has especially significant implications for Indonesia, which is now a member of the Organization of Petroleum Exporting Countries (OPEC). Indonesia now provides approximately 20 percent of Asia's total oil production. Within as little as 7 years Indonesia's current net oil exports of 0.6 million barrels per day may disappear due to rapidly increasing domestic demand and declining production. It is possible, however, that advanced technology and more favorable terms for foreign investors might stave off Indonesia's march toward import dependence, especially as the country searches for increased export revenues to help it overcome its economic straits.

In sum, the prospects for Asia's oil supply look decidedly grim. By 2010, productive capacity will have declined 6 percent from its 2005 peak, with new oil field developments unable to compensate for the declining production of maturing Indonesian, Malaysian, and Australian fields. So regardless of exploration, Asia is destined to import more than 20 million barrels of oil per day by 2010, compared with approximately 11 million today.

Most analysts concentrate on crude oil production. But it is important to consider the impact of coal in terms of its efficiency and cleanliness. Both Indonesia and Australia have begun to promote it as an export. The result, however, will be much stiffer competition between fuels, since coal is cheaper than oil. Prospects are also good for both increased production and power generation use of natural gas. Gas demand will grow even more rapidly than the current 8 percent per year. With advances in exploration technology, more gas is being found in Southeast Asia; with each boost to reserves, the producers have become more persuasive about long-term supply prospects in the region. But getting the natural gas to its end users means providing a greater level of infrastructure investment than for oil or coal. Getting gas to the market, whether for domestic consumption or export, means building pipelines and liquefaction facilities. Vast sums of capital must go into fixed infrastructure that entails long commitments to justify the investment. Cost estimates for major pipeline projects designed to bring gas into East Asian markets quickly run into the billions of dollars.

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CHINA TURNS TO THE MARKET

CHINA'S TRADITIONALLY strong resource position in both oil and coal has meant that it is just emerging as a driver of energy trends entirely in its own right; its impact on world energy markets will no doubt grow in the coming years. China's current economic growth rate, even if it is halved over the next decade, points to increasing dependence on imported oil and gas. Its energy demand should grow at about 4.5 percent per year through 2010. At the same time, oil and gas exploration in the country has been disappointing, and its insatiable demand for electricity means bumping up against capacity constraints. But too much emphasis is being placed on these deficits and Beijing's growing ability to procure weapons that will enable it to project military power over the horizon. Such analysis assumes that China's energy insecurity will cause it to threaten its neighbors and, by extension, American and Japanese interests.

Another widely discussed dimension of China's energy situation lies in its increased reliance on indigenous energy sources—most notably coal. This perspective converts energy insecurity into environmental insecurity, for the Chinese people themselves; for countries adjacent to China, such as Japan with its acid rain–diminished forests; and for the world at large, fated to suffer significant increases in greenhouse gas emissions. Although natural gas demand in China may more than triple by 2010, coal, which now accounts for more than 70 percent of China's energy, will remain the dominant fuel. In keeping with two other large emerging markets in Asia with large coal reserves—Indonesia and India—demand for coal in China will only grow. In China this demand should increase about 5 percent per year, despite improvements in combustion and conversion efficiencies. Concern over the environmental impact of increased Chinese coal consumption may strain China's relations with its neighbors.

But missing from projections of future conflict is the marketplace. The global open market provides China with mechanisms that are already in use to mitigate the effect of its dependence on outside energy supplies. China's two major upstream oil companies recently committed themselves to a variety of oil exploration and production ventures beyond its borders. The deals include a planned $4.3 billion investment by the China National Petroleum Corporation to take a 60

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percent stake in Kazakstan's main oil company, Aktyubinskmunaigaz, to help develop that country's oil fields, and build a 1,900-mile pipeline to China's Xinjiang province. The company has made a successful bid for the right to develop and operate two oil fields in Venezuela. It recently committed to invest $1.2 billion to develop the Al-Ahdab oil field in southern Iraq. It reached an agreement to form a joint venture with the National Iranian Oil Company to explore for offshore reserves in Iran, China, and other countries. And it has announced an expanded supply agreement with Saudi Arabia, from which China now imports around a modest 30,000 barrels per day. China National Offshore Oil Company has also taken a 40 percent stake in an Indonesian field in the Strait of Malacca.

The global market provides China with ways to mitigate its energy dependence.

The China National Petroleum Corporation's oil deal with a major Kazak oil company, in particular, combines the corporate ambitions of China's national oil companies and the national security concerns of China's political and military leadership. For the Kazaks, the project provides welcome economic diversification that goes to the heart of its new independence.

In addition to its international investments, China is taking other steps to secure its energy needs. Its leaders have become more sensitive to concerns about energy security, hence the top-level push to import natural gas from Siberia and the Russian Far East, the long-term use of which may reduce disagreements with Japan over the environmental impacts of coal-fired power generation in northeast China. Government initiatives to increase fuel efficiency have also begun to make some headway. Grasping the reality of its limited oil supply, China is establishing a strategic petroleum reserve to reduce the effect of oil price fluctuations.

But the immediate problem remains: demand for oil has outpaced oil production levels in China, currently the world's seventh-largest crude oil producer. Offshore developments and Tarim Basin oil exploration have proven disappointing. The question is, how can China reduce dependence on imported oil and supply risk? In 1996, China imported almost 0.5 million barrels per day; this figure could reach 1 million by 2000 and as much as 3 million by 2010, that is, almost 50 percent of its total oil

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demand. Given the limited outlook for new regional supplies, this oil must come from the Middle East or Central Asia.

The drive by its national oil companies to internationalize operations is a sign of China's desire to gain access to foreign supplies, acquire experience in international operations, and export its own know-how and experience. Commercialization of the operations of state-owned enterprises was emphasized in last year's Fifteenth Party Congress. One of Deng Xiaoping's legacies was the concept of "socialism with Chinese characteristics." In a variation, Chinese oil companies could become "international oil companies with Chinese characteristics." Commercialization and internationalization will allow China's oil and gas companies to learn at an accelerated pace through exposure to advanced exploration and production technologies and financial risk-management techniques. At the same time, indigenously produced Chinese technology, although perhaps less advanced than some Western technologies, is also less expensive. Chinese technology may in some cases be financially and technically more appropriate for developing countries, which would create new export opportunities for China.

Beyond that, China faces another risk—this one domestic and the result of its economic success. In the years ahead, China's citizens will likely develop the same appetites and, on the coast at least, the same purchasing power as the burgeoning middle classes in Southeast Asia and Taiwan. Consumer electricity, far more than increases in transportation fuel consumption, will drive energy policies and needs. Growth in private transportation, however, is an indicator of improved living standards in every high-growth Asian economy. Ensuring supplies for both, given China's current infrastructure and supply constraints, will be a challenge over the next decade.

DRAWING TOGETHER: ASIA AND THE MIDDLE EAST

ANY DISCUSSION of Asian energy security inevitably leads westward to the Middle East. And so it should—in the coming years, the relationship between Asian consumers and Middle Eastern producers will deepen. The share that OPEC countries have of global crude oil production will probably rise from its current 41 percent to about 50 percent by 2010. The Middle East, overwhelmingly pre-

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dominant within OPEC, will provide not only physical supply but also spare capacity, a security margin available in times of unanticipated supply reductions, as occurred when Iraqi crude disappeared from global markets in 1990.

Ever-increasing dependence on the Middle East is a recurring theme in the Asian energy picture. In 1975 Asia imported 7.7 million of the 9.3 million barrels of oil it consumed per day. By the 1980s, imports from the Middle East had fallen significantly in response to northeast Asian conservation measures and deliberate diversification policies aimed at coal, liquid natural gas, and nuclear power. Only in 1991 did Middle Eastern oil exports to East Asia again begin to reach the volumes seen in the 1970s, a journey taking Asian oil dependence full circle. By 1995 Middle Eastern imports were back up to more than 6 million barrels per day.

In northeast Asia, Middle Eastern crude now provides more than 70 percent of the oil going into refineries. In Singapore's huge refining complex, Middle East oil provides more than 80 percent of supplies. And crude oil procurement decisions by new refineries recently coming online elsewhere in the Asian region show a preference for supply deals favoring Middle Eastern producers. When Asia's imports of refined products are considered, the degree of Middle Eastern oil dependence has risen even more than the net crude import figures would suggest.

Yet the simple numbers showing Asian dependence upon the Middle East overlook three important considerations. First is the transformation of the global energy market, with prices and supplies now far less subject to government control and more transparent at every level of the value chain. This shift has enabled the evolution of a wider spot market and a more open trading environment than existed two decades ago, making possible the arbitrage now taking place. Second, Middle Eastern oil producers will increasingly depend on Asia for their volume growth. This growing interdependence is why the Saudi Arabian national oil company, Aramco, obtained partial ownership of refineries in the Philippines and South Korea. Other Middle Eastern producers are seeking similar arrangements. For these producers, what counts is continued demand. Third, new supply sources may emerge in the former Soviet Union to compete

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with Middle East producers for the Asian market. The growing East Asian–Middle East energy interdependence will increasingly expose countries such as China to the same energy security risks facing large Western consuming nations, given concerns over the possibility of political instability in the Middle East.

FROM MARX AND LENIN TO OIL AND GAS

A DECADE ago, the Soviet Union was the world's biggest oil producer. In the years since, Russian output has plummeted by a volume that approximates the entire current output of the North Sea. Meanwhile, out of the turbulence of the collapse of the U.S.S.R., a number of large, partly privatized Russian oil companies are emerging. Russia continues to be the world's largest gas exporter; the former Soviet Union has been called the Saudi Arabia of natural gas. Under a Sino-Russian agreement signed last year, Russian natural gas could become a major source of energy for the Chinese, Korean, and Japanese markets through a proposed network of pipelines linking Siberia with northeast Asia. Additional projects are under way to link gas supplies from the Russian Far East to markets in Japan.

At the same time, perhaps the hottest development spot in the entire oil and gas industry is the Caspian Sea region—Azerbaijan, Kazakstan, Turkmenistan, and the waters of the Caspian itself. The region may hold oil and gas reserves second only to those of the Middle East. Conservative estimates run as high as 100 billion barrels—almost ten times Alaska's reserves—and that could increase as exploration moves into deeper waters. By 2015 the Caspian Sea could produce as much oil as the North Sea does today, making it one of the world's main production centers. The region could also become a major supplier of natural gas. Turkmenistan alone is estimated to have as much gas as the United States.

There is an inherent and—if old and new rivalries do not get in the way—almost inevitable logic to joining the huge supplies of the former Soviet Union with the huge and growing Asian market. Much of the focus on the Caspian to date, understandably, has been on moving its oil west into the Black Sea and then on to Europe. But increasing amounts of oil and gas from the former Soviet Union will move east into the Asian markets, requiring great amounts of investment.

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Transporting this gas, which will go largely toward electric power generation, will involve some combination of long-distance pipelines. Already the first signs of reorientation and focus are there. Japanese companies are becoming members of Caspian consortia. China's deal with Kazakstan is a bellwether. Increasing volumes of Kazak oil are already ingeniously finding their way into Chinese markets. In addition to China National Petroleum Corporation's plan, projects are under discussion to bring oil from Central Asia to East Asia via pipelines through Iran or Afghanistan and Pakistan into India. There are parallel plans to bring natural gas from Central Asia through Afghanistan into Pakistan and India. These are harbingers of how energy security pressures may be relieved through commercial deals requiring cooperation and integration. In the future, the Russia-China relationship will no longer be based on Marx and Lenin, but increasingly on oil and gas.

THE SOUTH CHINA SEA: HOW DEEP THE CONTROVERSY?

ONE ENERGY-RELATED matter in East Asia, however, involves traditional areas of diplomacy. The maritime dispute in the South China Sea, with its potential to disrupt regional confidence, ranks as a priority issue in Southeast Asia. Competing claims pit China against Vietnam, the Philippines, Malaysia, Thailand, Brunei, and Taiwan. China has several other maritime disputes with the South Koreans and Japanese in the Yellow and East China Seas, with Japan over the Senkaku Islands in the East China Sea, and with Vietnam in the Gulf of Tonkin. But the claims in the Spratly Islands in the South China Sea have garnered the most attention because of the extent of the natural resource riches that some believe exist under the disputed waters, and the broad expanse of territory covered by the Chinese claim. Estimates of the resources of the South China Sea range widely—from 6 billion barrels of oil equivalent to more than 105 billion barrels. But oil exploration in the region has been disappointing so far.

The South China Sea area is believed to hold 65 trillion cubic feet of natural gas, with the potential for 25 to 50 trillion more. If the experience in the Natuna field is a guide, however, gas resources in the disputed areas would be difficult and expensive to commercialize.

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Natuna, a huge gas field in Indonesian waters, has been under study for more than ten years, and estimated total development costs exceed $40 billion. The technical difficulties and huge cost of developing the field required the creation of an international consortium to spread investment risks and provide technical expertise. Exploitation of a sizable field in the nearby Spratly Islands would also likely require extensive international cooperation. Such cooperation would prove difficult to marshal if jurisdictional issues are not clarified.

Energy security is being based on market competition rather than government mandate.

Chinese officials have repeatedly asserted their willingness to develop resources in the South China Sea on a bilateral basis. Despite the success of joint development programs in other Southeast Asian offshore areas, Vietnam, Malaysia, and the Philippines have so far resisted, fearing that cooperation would constitute tacit acceptance of China's historically based claims to the region. As they see it, the Chinese claim, if accepted, would extend Chinese sovereignty more than 500 miles off China's mainland coastline.

Regardless of the actual reserves underlying the waters of the South China Sea, the region will remain vitally important to northeast Asian energy security. The disputed waters lie astride strategic sea-lanes on which more than 70 percent of the crude oil and liquid natural gas supplies bound for Japan, Taiwan, and South Korea are transported. Equally important, manufactured goods bound outward from northeast Asia for markets in southeastern and western Asia also pass through these waters. Overall maritime traffic on the South China Sea will likely triple by 2010. The sea-lanes are also the strategic passageways for the U.S. Navy from the Pacific to the Indian Ocean. The U.S. strategic relationship with Japan and South Korea is in no small part invested in the U.S. role as guarantor of energy security to these key Asian allies.

Although some have viewed the South China Sea as a source of almost inevitable conflict, another possibility asserts itself. The huge costs and high technical requirements of resource development and the increasing reliance of East Asian countries, including China, on the security of energy and merchandise flows suggest a

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growing mutuality of interest. One of the most important outcomes of the current economic downturn will be a reassessment of risks—economic, financial, and political—associated with investment in East Asia. Perceptions of higher risk mean higher costs, whether for financing energy projects or for insuring or rerouting crude oil or liquid natural gas cargoes. The most economical path for all parties involved—several of whom have slashed military budgets in the wake of the economic downturn—may well be negotiation of the competing claims rather than military buildup and confrontation. As China becomes increasingly entwined in the international economy, the costs and risks of a confrontation increasingly outweigh the value of questionable resources.

DEREGULATING MARKETS

ALL OF these factors—the effects of market prices, the flow of resources across borders, trade liberalization, a focus on national competitiveness, the need to attract investment into the energy sector—have led to the deregulation of national energy sectors throughout the region. Japan, South Korea, the Philippines, and Thailand are in various stages of liberalizing their oil industries, ultimately leading to market-driven prices for oil products in those countries. Several countries, including Japan, Thailand, and the Philippines, have begun restructuring and opening their electric power industries as well. Thailand and Malaysia have also begun liberalizing their respective gas industries.

The primary motivation for deregulation differs across countries, as a result of differing economic structures and stages of development. For some, such as Japan and South Korea, the drive for international competitiveness has been the overarching motivation. For others, such as the Philippines and India, it has been the need to attract capital. In any case, the opening of energy markets means that energy security is increasingly based on market competition rather than government mandate. Supported by a stable political environment and motivated by the internationalization of their economies, these countries are moving away from the dirigiste strategies of supply security that emerged after the oil shocks of the 1970s and toward market mechanisms for allocating risk. Japan, for instance, is considering phasing out the

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last vestiges of its oil market regulations by 2001. This policy marks a dramatic shift in thinking about energy security. As Ryozo Hayashi, director general for petroleum of Japan's Ministry for International Trade and Industry, said last year, "Adjustment in supply and demand can be achieved much more efficiently through market mechanisms than through government intervention."

At least until the massive currency devaluations of recent months, the domestic political fallout from potential supply and price shocks was perceived as less of a concern than the long-term economic distortions associated with state intervention in the energy sector. The rapid increases in local currency prices of oil over the last few months may test that perspective, but the move toward market pricing is unlikely to be reversed. Indeed, the International Monetary Fund's mandates in South Korea, Indonesia, and Thailand will accelerate liberalization and economic opening. As competition for export markets heats up between the developing economies of Southeast Asia and China, planners are seeking to increase national competitiveness through more than just low wages. Reducing energy and other utility input costs is one strategy for boosting national productivity growth, and that means further deregulation.

EARNING THEIR WAY

Asia is in the middle of a transition from traditional notions of control over energy resources (with its usual tensions) toward a diversified reliance on free markets, cross-border energy trade, and cooperation with Middle Eastern producers. Of course, many among Asian political elites dislike the idea of being dependent. The temptation toward government control over resources remains strong. The appeal of 1970s-style oil diplomacy has not vanished. However, the argument against dependence has dissipated, as the success of the resource-poor countries in the region demonstrates. The steadiness of the market, its ability to meet new consumer and product demands, its growing size and transactional complexity, all reinforce the argument that security now comes in the guise of diversified reliance on open markets.

The double miracle of Asia—high economic growth with limited energy resources—occurred because these countries adapted themselves

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to competing successfully in the international economy. They paid their own way. They made up for their lack of physical resources through their human resources, their capacity to innovate and to produce, and their capability to sell the fruits of their labor in the global marketplace. That gave them the wherewithal to finance their energy needs.

The energy challenges facing Asia in the future are momentous, complex, and expensive. But the formula that served some countries so well in the past is well suited to them for the future—all the more so as they place greater confidence in the markets and rely less on government ownership and control. Thus, perhaps the true solution to the future energy needs of Asia will be found in the strengths that lie beneath the current economic crisis—how well Asian nations continue to adapt to the changing global marketplace and the rigors of international competition, and how successfully they renew their astonishing record of earning their way in the world.

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Europe's Endangered Liberal Order

Timothy Garton Ash

THE DREAM IS HERE

LIKE NO other continent, Europe is obsessed with its own meaning and direction. Idealistic and teleological visions of Europe at once inform, legitimate, and are themselves informed and legitimated by the political development of something now called the European Union. The name "European Union" is itself a product of this approach, for a union is what the EU is meant to be, not what it is.

European history since 1945 is told as a story of unification: difficult, delayed, suffering reverses, but nonetheless progressing. This is the grand narrative taught to millions of European schoolchildren and accepted by central and east European politicians when they speak of rejoining "a uniting Europe." That narrative's next chapter is even now being written by a leading German historian, Dr. Helmut Kohl. Its millennial culmination is to be achieved on January 1, 1999, with a monetary union that will, it is argued, irreversibly bind together some of the leading states of Europe. This group of states should in turn become the "magnetic core" of a larger unification.

European unification is presented not just as a product of visionary leaders from Jean Monnet and Robert Schuman to François Mitterrand and Helmut Kohl but also as a necessary, even an inevitable response to the contemporary forces of globalization. Nation-states are no

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longer able to protect and realize their economic and political interests on their own. They are no match for transnational actors like global currency speculators, multinational companies, or international criminal gangs. Both power and identity, it is argued, are migrating upward and downward from the nation-state: upward to the supranational level, downward to the regional one. In a globalized world of large trading blocs, Europe will only be able to hold its own as a larger political-economic unit. Thus Manfred Rommel, the popular former mayor of Stuttgart, declares, "We live under the dictatorship of the global economy. There is no alternative to a united Europe."

It would be absurd to suggest that there is no substance to these claims. Yet when combined into a single grand narrative, into the idealistic-teleological discourse of European unification, they result in a dangerously misleading picture of the real ground on which European leaders will have to build at the beginning of the twenty-first century. In fact, what we have already achieved in a large part of western and southern Europe is a new model of liberal order. But this extraordinary achievement is itself now under threat precisely as a result of the forced march to unity. What we should be doing now is rather to consolidate this liberal order and to spread it across the continent. Liberal order, not unity, is the right strategic goal for European policy in our time.

THE PAST AS WARNING

IN THE INDEX to Arnold Toynbee's *A Study of History,* we find "Europe, as battlefield," "Europe, as not an intelligible field of historical study," and, finally, "Europe, unification of, failure of attempts at." Toynbee is an unreliable source, but he raises important questions about the long sweep of European history. The most fundamental point is his second one. Is the thing to be united actually a cultural-historical unit? If so, where does it begin and end? It is, Toynbee claims, a "cultural misapplication of a nautical term" to suggest that the Mediterranean ancient history of Greece and Rome and modern Western history are successive acts in a single European drama. He prefers the Polish historian Oskar Halecki's account, in which a Mediterranean age is followed by a European age, running roughly

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CORBIS BETTMANN

By might or money: Europe's would-be unifiers, Charlemagne, Bonaparte, and Kohl

from 950 to 1950, which in turn is succeeded by what Halecki called an Atlantic age. Today we might refer to our era simply as a global age.

Yet even in the European age, the continent's eastern edge remained deeply ill-defined. Was it the Elbe? Or the dividing line between western and eastern Christianity? Or the Urals? Europe's political history was characterized by the astounding diversity of peoples, nations, states, and empires and by the ceaseless and often violent competition between them. In short, no continent was externally more ill-defined, internally more diverse, or historically more disorderly. Yet no continent produced more schemes for its own orderly unification. So our teleological-idealistic or Whig interpreters can cite an impressive

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list of intellectual and political forebears, from the Bohemian King George of Podebrady through the Duc de Sully and William Penn (writing already in America) to Aristide Briand and Richard Coudenhove-Kalergi, the prophet of Pan-Europa. The trouble is that those designs for European unification that were peaceful were not implemented, while those that were implemented were not peaceful. The reality of unification was either a temporary solidarity in response to an external invader or an attempt by one European state to establish continental hegemony by force of arms, from Napoleon to Hitler. But the latter also failed, as Toynbee's index dryly notes.

The Cold War's end showed us how much European union owed to superpower tensions.

The attempt at European unification since 1945 thus stands out from all earlier attempts by being both peaceful and partially implemented. An idealistic interpretation of this historical abnormality is that we Europeans have at last learned from history. The "European civil war" of 1914 to 1945, that second and still bloodier Thirty Years' War, finally brought us to our senses. Yet this requires a little closer examination. For only after the end of the Cold War are we discovering just how much European integration owed to it. First, there was the Soviet Union as negative external integrator. West Europeans pulled together in the face of the common enemy, as they had before the Mongols or the Turks. Second, there was the United States as positive external integrator. Particularly in the earlier years, the United States pushed very strongly for West European integration, making it almost a condition for further Marshall Plan aid. In later decades, the United States was at times more ambivalent about building up a rival trading bloc, but in broad geopolitical terms it supported West European integration throughout the Cold War.

Third, the Cold War helped, quite brutally, by cutting off most of central and eastern Europe behind the Iron Curtain. This meant that European integration could begin between a relatively small number of bourgeois democracies at roughly comparable economic levels and with important older elements of common history. As has often been observed, the frontiers of the original European Economic Community of six were roughly coterminous with those of Charlemagne's Holy

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Roman Empire. The EEC was also centered around what historical geographers have called the "golden banana" of advanced European economic development, stretching from Manchester to Milan via the Low Countries, eastern France and western Germany. Moreover, within this corner of the continent there were important convergences or trade offs between the political and economic interests of the nations involved—the crucial ones being between France and Germany. None of this is to deny a genuine element of European idealism among the elites of that time. But the more we discover about this earlier period, the more hard-nosed and nationally self-interested the main actors appear. Contrary to the received view, the idealists are more to be found in the next generation: that of Helmut Kohl rather than Konrad Adenauer. There is no mistaking the genuine enthusiasm with which Kohl describes, as he will at the slightest prompting, the unforgettable experience of lifting the first frontier barriers between France and Germany, just a few years after the end of the war.

The national interests propelling closer intra-European ties were still powerfully present in the 1970s and 1980s. Britain, most obviously, joined the EEC in hopes of reviving its own flagging economy and buttressing its declining influence in the world. In a 1988 book entitled *La France par l'Europe,* none other than Jacques Delors wrote that "creating Europe is a way of regaining that room for manoeuvre necessary for 'a certain idea of France.'" (The phrase "a certain idea of France" was, of course, de Gaulle's.) In my book *In Europe's Name* I have shown how German enthusiasm for European integration was nourished by the need to secure wider European and American support for improved relations with the communist east and, eventually, the reunification of Germany. Finally, there was also a growing perception of real common European interests.

As a result of the confluence of these three kinds of motive and those three favorable external conditions, the 1970s and 1980s saw an impressive set of steps toward closer political cooperation and economic and legal integration. Starting with the Hague summit of December 1969, they included direct elections to the European Parliament, the founding of the European Monetary System, the Single European Act, and the great project of completing the internal market in the magic year of "1992."

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This dynamic process, against a background of renewed economic growth and the spread of democracy to southern Europe, did contribute directly to the end of the Cold War. One of the reasons behind Mikhail Gorbachev's "new thinking" in foreign policy was Soviet alarm at the prospect of being left still further behind by a "Europe" that was seen as technologically advanced, economically dynamic, and rapidly integrating behind high protective walls. How much more was this true of the peoples of east central Europe, who anyway felt themselves to belong culturally and historically to Europe, felt this with the passion of the excluded—and for whom the prosperous Western Europe they saw on their travels now clearly represented the better alternative to a discredited and stagnant "real socialism." Accordingly, one of the great slogans of the velvet revolutions of 1989 was "the return to Europe." In this sense one could argue, in apparent defiance of chronology, that "1992" in Western Europe was one of the causes of 1989 in Eastern Europe. But the end of the Cold War also ended a historical constellation that was particularly favorable to a particular model of West European integration.

THE PRESENT AS CONFUSION

We cannot judge the period since 1989 in the same way, as history. The case is still being heard, and the evidence is contradictory. On the one hand, we have seen further incremental diminution in the effective powers and sovereignty of established nation-states inside the EU. The Maastricht program, with European monetary union as its central project, is supposed to make a further decisive step to unification by the end of the decade. Yet this decade has also seen the explosive emergence of at least a dozen new nation-states. Indeed, there are now more states on the map of Europe than ever before in the twentieth century. In the former Yugoslavia, these new states emerged through war, ethnic cleansing, and the violent redrawing of frontiers. In the former Czechoslovakia, the separation into two states was carried out peacefully, by negotiation. In the former Soviet Union, there were variations in between.

Nor is this phenomenon of de-unification confined to the post-communist half of Europe. The cliché of "integration in the west, dis-

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integration in the east" does not bear closer examination. It is surprising, for example, to see the progressive dis-integration of Belgium cited as evidence of the decline of the nation-state and the rise of regionalism, for the tensions that are pulling Belgium apart would be entirely familiar to a nineteenth-century nationalist. Each ethno-linguistic group is demanding a growing measure of self-government. My own country, Britain, has for decades been an unusual modern variation on the theme of nation-state: a state composed of four nations—or, to be precise, three and a part. But now the constituent nations, especially Scotland, are pulling away toward a larger measure of self-government.

European monetary union is the price paid for German unification.

And what of Europe's central power? Since 1989 Germany has reemerged as a fully sovereign nation-state. In Berlin, we are witnessing the extraordinary architectural reconstruction of the grandiose capital of a historic nation-state. Yet at the same time, Germany's political leaders, above all Helmut Kohl, are pressing ahead with all their considerable might to surrender that vital component of national sovereignty—and, particularly in the contemporary German case, also of identity—which is the national currency. There is a startling contradiction between, so to speak, the architecture in Berlin and the rhetoric in Bonn. I do not think this contradiction can be resolved dialectically, even in the homeland of the dialectic. In fact, Germany today is in a political-psychological condition that can only be described as Faustian, with two souls in one breast. If in 1999 monetary union goes ahead and the German government moves to Berlin, then the country will wake up in its new bed on January 1, 2000, scratch its head, and ask itself, "Now, why did we just give up the deutsche mark?"

What would be the answer? Of course there are economic arguments for monetary union. But monetary union was conceived as an economic means to a political end. It is the continuation of the functionalist approach adopted by the French and German founding fathers of the EEC: political integration through economic integration. But there was a more specific political reason for the decision to make this the central goal of European integration in the 1990s. As so often before, the key lies in a compromise between French and German national interests.

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In 1990, there was at the very least an implicit linkage made between Mitterrand's reluctant support for German unification and Kohl's decisive push towards European monetary union. "The whole of Deutschland for Kohl, half the deutsche mark for Mitterrand," some wits put it. Leading German politicians will acknowledge privately that monetary union is the price paid for German unification.

Yet to some extent, this is a price that Kohl wants to pay. For he wants to see the newly united Germany bound firmly and, as he himself puts it, "irreversibly," into Europe. Even more than his hero Adenauer, he believes that it is dangerous for Germany, with its erratic history and critical size—"too big for Europe, too small for the world," as Henry Kissinger once pithily observed—to stand alone in the center of Europe, trying to juggle or balance the nine neighbors and many partners around it. So Dr. Kohl's ultimate, unspoken answer to the question, "Why did we just give up the deutsche mark?" will be, "Because we Germans can't trust ourselves." To which a younger generation will say, "Why not?" Many of them see no reason why Germany needs to be bound to the mast like Odysseus to resist the siren calls of its awful past. They think Germany can be trusted to keep its own balance as a responsible, liberal nation-state inside an already close-knit community of other responsible, liberal nation-states. Certainly Kohl's implicit argument will not convince the man in the Bavarian beer tent. In opinion polls, a majority of Germans still do not want to give up the deutsche mark for the euro. So Germany, this newly restored nation-state, will enter monetary union full of reservations, doubts, and fears.

A HOUSE DIVIDED

ECONOMISTS DIFFER, and non-economists have to pick their way between the arguments. But few would dissent with the proposition that European monetary union (EMU) is an unprecedented, high-risk gamble. As several leading economists have pointed out, Europe lacks vital components that make monetary union work in the United States. The United States has high labor mobility, price and wage flexibility, provisions for automatic, large-scale budgetary transfers to states adversely affected by so-called asymmetric shocks, and, not least, the common language, culture, and shared history in a single

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country that make such transfers acceptable as a matter of course to citizens and taxpayers.

Europe has low labor mobility and high unemployment. It has relatively little wage flexibility. The EU redistributes a maximum of 1.27 percent of the GDP of its member states, and most of this is already committed to schemes such as the Common Agricultural Policy (CAP) and the so-called structural funds for assisting poorer regions. It has no common language and certainly no common state. Since 1989, we have seen how reluctant West German taxpayers have been to pay even for their own compatriots in the east. Do we really expect that they would be willing to pay for the French unemployed as well? The Maastricht treaty does not provide for that, and leading German politicians have repeatedly stressed that they will not stand for it. The minimal trust and solidarity between citizens that is the fragile treasure of the democratic nation-state does not, alas, yet exist between the citizens of Europe. For there is no European *demos*—only a European *telos*.

Against this powerful critique, it is urged that the "asymmetric shocks" will affect different regions within European countries, and these countries do themselves make internal provision for automatic budgetary transfers. In France, it is also very optimistically suggested that reform of the CAP and structural funds will free up EU resources for compensatory transfers between states. (But if we are serious about enlargement, some of these resources will also be needed for the much poorer new member states.) More economically liberal Europeans argue that monetary union will simply compel us to introduce more free-market flexibility, not least in wage levels. None of this makes a very persuasive rebuttal, especially since different European countries favor different kinds of response.

The dangers, by contrast, are all too obvious. EMU requires a single monetary policy and a single interest rate for all. What if that rate is right for Germany but wrong for Spain and Italy, or vice versa? And what if French unemployment continues to rise? As elections approach, national politicians will find the temptation to "blame it on EMU" almost irresistible. If responsible politicians resist the temptation, irresponsible ones will gain votes. And the European Central Bank will not start with any of the popular authority that the Bundesbank enjoys in Germany. It starts as the product of a political-bureaucratic

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procedure of "building Europe from above" that is even now—as the Maastricht referendum debate in France showed—perilously short of popular support and democratic legitimacy.

In fact, received wisdom in EU capitals is already that EMU will sooner or later face a crisis, perhaps after the end of a pre-millennium boom, in 2001 or 2002 (just as Britain is preparing to join). Euro-optimists hope this crisis will catalyze economic liberalization, European solidarity, and perhaps even those steps of political unification that historically have preceded, not followed, successful monetary unions. A shared fear of the catastrophic consequences of a failure of monetary union will draw Europeans together, as the shared fear of a common external enemy (Mongols, Turks, Soviets) did in the past. But it is a truly dialectical leap of faith to suggest that a crisis that exacerbates differences between European countries is the best way to unite them. The fact is that at Maastricht the leaders of the EU put the cart before the horse. Out of the familiar mixture of three different kinds of motive—idealistic, national-instrumental, and perceived common interest—they committed themselves to what was meant to be a decisive step to uniting Europe but now seems likely to divide even those who belong to the monetary union. At least in the short term, it will certainly divide those existing EU members who participate in the monetary union from those who do not: the so-called "ins" and "outs."

We fiddled in Maastricht while Sarajevo burned.

Meanwhile, the massive concentration on this single project has contributed to the neglect of the great opportunity that arose in the eastern half of the continent when the Berlin Wall came down. The Maastricht agenda of internal unification has taken the time and energy of West European leaders away from the agenda of eastward enlargement. To be sure, there is no theoretical contradiction between the "deepening" and the "widening" of the EU. Indeed, widening requires deepening. If the major institutions of the EU, originally designed to work for six member states, are still to function in a community of 26, then major reforms, necessarily involving a further sharing of sovereignty, are essential. But these changes are of a different kind from those required for monetary union. While there is no theoretical contradiction, there has been a practical tension between deepening and widening.

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To put it plainly: our leaders set the wrong priority after 1989. We were like people who for 40 years had lived in a large, ramshackle house divided down the middle by a concrete wall. In the western half we had rebuilt, mended the roof, knocked several rooms together, redecorated, and installed new plumbing and electric wiring—while the eastern half fell into a state of dangerous decay. Then the wall came down. What did we do? We decided that what the whole house needed most urgently was a superb new computer-controlled system of air conditioning in the western half. While we prepared to install it, the eastern half of the house began to fall apart and catch fire. We fiddled in Maastricht while Sarajevo burned.

The best can so often be the enemy of the good. The rationalist, functionalist, perfectionist attempt to "make Europe" or "complete Europe" through a hard core built around a rapid monetary union could well end up achieving the opposite of the desired effect. One can all too plausibly argue that what we are likely to witness in the next five to ten years is the writing of another entry for Toynbee's index, under "Europe, unification of, failure of attempts at." Some contemporary Cassandras go further still. They see the danger of us writing another entry under "Europe, as battlefield." One might answer that we already have, in the former Yugoslavia. But any suggestion that the forced march to unification through money brings the danger of violent conflict between West European states does seem overdrawn, for at least three reasons. First, there is the powerful neo-Kantian argument that bourgeois democracies are unlikely to go to war against each other. Second, unlike pre-1945 Europe, we have a generally benign extra-European hegemon in the United States. Third, to warn of violence is to ignore the huge and real achievement of European integration to date: the unique, unprecedented framework and deeply ingrained habits of permanent institutionalized cooperation that ensure that the conflicts of interest that exist—and will continue to exist—between the member states and nations are never resolved by force. All those endless hours and days of negotiation in Brussels between ministers from 15 European countries who end up knowing each other almost better than they know their own families: that is the essence of this Europe. It is an economic community, of course, but it is also a security community—a group of states that do find it unthinkable to resolve their own differences by war.

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THE CASE FOR LIBERAL ORDER

NOW ONE could certainly argue that Western Europe would never have got this far without the utopian goal or *telos* of "unity." Only by resolutely embracing the objective of "ever-closer union" have we reached this more modest degree of permanent institutional cooperation, with important elements of legal and economic integration. Yet as a paradigm for European policy in our time, the notion of "unification" is fundamentally flawed. The most recent period of European history provides no indication that the immensely diverse peoples of Europe—speaking such different languages, having such disparate histories, geographies, cultures, and economies—are ready to merge peacefully and voluntarily into a single polity. It provides substantial evidence of a directly countervailing trend: toward the constitution—or reconstitution—of nation-states. If unity was not attained among a small number of West European states with strong elements of common history under the paradoxically favorable conditions of the Cold War, how can we possibly expect to attain it in the infinitely larger and more diverse Europe—the whole continent—that we have to deal with after the end of the Cold War?

"Yes," a brilliant French friend said to me when I made this case to him, "I'm afraid you're right. Europe will not come to pass." "But Pierre," I replied, "you're in it!" Europe is already here, and not just as a continent. There is already a great achievement that has taken us far beyond de Gaulle's "Europe des patries" or Harold Macmillan's vision of a glorified free trade area. Yet to a degree that readers outside Europe will find hard to comprehend, European thinking about Europe is still deeply conditioned by these notions of project, process, and progress toward unification. (After all, no one talks hopefully of Africa or Asia "becoming itself.") Many Europeans are convinced that if we do not go forward toward unification, we must necessarily go backward. This view is expressed in the so-called "bicycle theory" of European integration: if you stop pedaling, the bicycle will fall over. Actually, as anyone who rides a bicycle knows, all you have to do is to put one foot back on the ground. And anyway, Europe is not a bicycle.

If we Europeans convince ourselves that not advancing further along the path to unity is tantamount to failure, we risk snatching

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failure from the jaws of success. For what has been achieved already in a large part of Europe is a very great success, without precedent on the European continent or contemporary equivalent on any other continent. It is as if someone had built a fine if rather rambling palace and then convinced himself that he was an abject failure because it was not the Parthenon. Yet the case is more serious and urgent than this. For today it is precisely the forced march to unity—across the "bridge too far" of monetary union—that is threatening the very achievement it is supposed to complete.

Monetary union threatens the unity it is supposed to complete.

But what is the alternative? How else should we "think Europe" if not in terms of this paradigm of unification that has dominated European thinking about Europe for half a century? How can we characterize positively what we have already built in a large part of Europe, and what it is both desirable and realistic to work toward in a wider Europe? I believe the best paradigm is that of liberal order. Historically, liberal order is an attempt to avoid both the extremes between which Europe has unhappily oscillated through most of its modern history: violent disorder, on the one hand, and hegemonic order on the other—hegemonic order that itself was always built on the use of force and the denial of national and democratic aspirations within the constitutive empires or spheres of influence. Philosophically, such an order draws on the late Sir Isaiah Berlin's central liberal insight that people pursue different ends that cannot be reconciled but may peacefully coexist. It also draws on Judith Shklar's "liberalism of fear," with its deeply pessimistic view of the propensity of human beings to indulge in violence and cruelty, and on a sense that what Shklar modestly called "damage control" is the first necessity of political life. Institutionally, the EU, NATO, the Council of Europe, and the Organization for Security and Cooperation in Europe are all building blocks of such a liberal order.

Liberal order differs from previous European orders in several vital ways. Its first commandment is the renunciation of force in the resolution of disputes between its members. Of course, this goal is an ancient one. We find it anticipated already in King George of Podebrady's great proposal of 1464 for "the inauguration of peace

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throughout Christendom." There we read that he and his fellow princes "shall not take up arms for the sake of any disagreements, complaints or disputes, nor shall we allow any to take up arms in our name." But today we have well-tried institutions of bourgeois internationalism in which to practice what Churchill called making "jaw-jaw" rather than "war-war."

Liberal order is, by design, non-hegemonic. To be sure, the system depends to some extent on the external hegemonic balancer, the United States—"Europe's pacifier," as more than one author has quipped. And of course, Luxembourg does not carry the same weight as Germany. But the new model order that we have developed in the EU does permit smaller states to have an influence often disproportionate to their size. A key element of this model order is the way it allows different alliances of European states on individual issues rather than cementing any fixed alliances. Another is the framework of common European law. If the European Convention on Human Rights were incorporated into the treaties of the union, as Ralf Dahrendorf has suggested, the EU would gain a much-needed element of direct responsibility for the liberties of the individual citizen.

Liberal order also differs from previous European orders in explicitly legitimating the interest of participating states in each other's internal affairs. Building on the so-called Helsinki process, it considers human, civil, and not least minority rights to be a primary and legitimate subject of international concern. These rights are to be sustained by international norms, support, and, where necessary, also pressure. Such a liberal order recognizes that there is a logic that leads peoples who speak the same language and share the same culture and tradition to want to govern themselves in their own state. There is such a thing as liberal nationalism. But it also recognizes that in many places a peaceful, neat separation into nation-states will be impossible. In such cases it acknowledges a responsibility to help sustain what may variously be called multiethnic, multicultural, or multinational democracies within an international framework. This is what we disastrously failed to do for Bosnia but can still do for Macedonia or Estonia.

Missing from this paradigm is one idea that remains very important in contemporary European visions, especially those of former great powers such as France, Britain, and Germany. This is the notion of

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BOOKS THAT MATTER

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"Europe" as a single actor on the world stage, a world power able to stand up to the United States, Russia, or China. In truth, a drive for world power is hardly more attractive because it is a joint enterprise than it was when attempted—somewhat more crudely—by individual European nations. Certainly, in a world of large trading blocs we must be able to protect our own interests. Certainly, a degree of power-projection, including the coordinated use of military power, will be needed to realize the objectives of liberal order even within the continent of Europe and in adjacent areas of vital interest to us, such as North Africa and the Middle East. But beyond this, just to put our own all-European house in order would be a large enough contribution to the well-being of the world.

Some may object that I have paid too much attention to mere semantics. Why not let the community be called a union and the process "unification," even if they are not that in reality? Václav Havel comes close to this position when he writes, "Today, Europe is attempting to give itself a historically new kind of order in a process that we refer to as unification." And of course I do not expect the European Union to be, so to speak, dis-named. After all, the much looser world organization of states is still called the United Nations. But the issue is far from merely semantic.

To consolidate Europe's liberal order and to spread it across the whole continent is both a more urgent and, in the light of history, a more realistic goal for Europe at the beginning of the twenty-first century than the vain pursuit of unification in a part of it. Nor, finally, is liberal order a less idealistic goal than unity. For unity is not a primary value in itself. It is but a means to higher ends. Liberal order, by contrast, directly implies not one but two primary values: peace and freedom.

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Toward a Real Global Warming Treaty

Richard N. Cooper

THE CHALLENGE AFTER KYOTO

In December 1997 the world's nations met in Kyoto to grapple with the problem of global warming. The Kyoto conference garnered a wide variety of assessments, ranging from "a notable success" through "a useful first step" to "a grave disappointment and setback" for those concerned with the future of the planet. Whatever one thinks of Kyoto in terms of environmentalist politics, the troubling fact remains that its underlying approach is bound to fail. Because it is premised on setting national emissions targets, the Kyoto strategy will not be able to solve the alleged problem of global climate change resulting from greenhouse gas emissions. The likely failure of Kyoto should be used as the impetus for a hard look at the prospects for a treaty on global climate change.

The Framework Convention on Climate Change signed in 1992 in Rio de Janeiro drew wide international attention to the danger of gradual global warming from humanity's use of fossil fuels and other activities. Rio committed signatory governments to do something about global climate change, but it did not commit them to take any specific actions. Since Rio, governments of most rich countries undertook to reduce their levels of carbon dioxide emissions to estimated 1990 levels—within the relatively near, but unspecified future. In 1995 the rich nations further committed themselves to agree at Kyoto in 1997 on a set of binding emissions targets to last beyond the year 2000.

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Since Rio, actions actually taken to reduce emissions of greenhouse gases—carbon dioxide, methane, nitrous oxide, and chlorofluorocarbons—have not matched stated intentions. Emissions of CFCs have slowed due to the Montreal Protocol of 1987 to protect the ozone layer, and carbon dioxide emissions are growing less quickly because of lower-than-expected economic growth since 1992 in Europe, Japan, and the former Soviet Union. Nevertheless, one projection shows that energy-related carbon dioxide emissions will grow by fully 30 percent between 1990 and 2010.

At Kyoto, the 24 rich members of the Organization of Economic Cooperation and Development (OECD) as of 1992 and the European countries of the former Soviet Union pledged to cut their greenhouse gas emissions by 2010. The reduction targets, which also give credit for planting trees that remove carbon dioxide from the atmosphere, are eight, seven, and six percent below 1990 emission levels for the European Union, the United States, and Japan, respectively. Such reductions will be difficult to achieve, at least for the United States, whose emissions are otherwise expected to grow by over 30 percent between 1990 and 2010.

Unfortunately, Kyoto's approach cannot solve the problem.[1] International treaties designed to realize commonly held goals fall into two categories: those that set agreed-upon national objectives but then leave each signatory country to pursue those goals in its own way, and those that define mutually agreed-upon actions. The Kyoto treaty belongs to the first category. The essence of the Kyoto framework is negotiations to allocate national rights to greenhouse gas emissions. Targets low enough to be effective in halting man-made climate change mean that these emission rights will be worth trillions of dollars, even if such rights were traded among countries. Stabilizing the amount of greenhouse gases in the atmosphere will eventually require reducing carbon emissions to levels that cannot be reached

[1]The alleged problem is that large volumes of greenhouse gases—mainly carbon dioxide from burning fossil fuels but also methane generated by rice cultivation and cattle raising—will gradually warm the earth's surface, with countless implications for natural ecosystems as well as for human habitation. There is still serious scientific disagreement on both the magnitude and the timing of such warming. This essay does not enter this debate, but for the sake of argument simply stipulates that there is a problem serious enough for governments to address in the next few decades.

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without the engagement of the developing countries, but the framework of the proposed treaty is unacceptable to them. There is unlikely to be any generally acceptable principle for allocating valuable emission rights between rich and poor countries, making the success of the Kyoto approach a probable impossibility. We would do better to adopt an alternative strategy that, while difficult, at least has some prospect of bringing man-made climate change under effective control. A successful attack on global warming will only happen through mutually agreed-upon *actions*, such as a nationally collected tax on greenhouse gas emissions, rather than through national emission targets.

A GLOBAL CHALLENGE

MITIGATING GLOBAL warming through formal collective action will not be easy, for three key reasons. First, climate change from an increased atmospheric concentration of greenhouse gases is a global issue since, whatever their earthly origin, the gases are widely dispersed in the upper atmosphere. Effective restraint must therefore involve all actual and prospective major emitters of greenhouse gases. Today's rich industrialized countries currently account for most of the emissions. The Soviet Union was a major contributor before its collapse in 1991, and an economically resurgent Russia can be expected to follow suit. Moreover, rapidly growing poor countries will soon become major contributors. By 2010 developing countries are expected to contribute 45 percent of total greenhouse gas emissions, and China and India alone will experience greater growth in emissions than all the OECD countries combined. Thus effective action cannot be taken by a small group of countries alone, as was possible with the recent agreement to cease testing of nuclear weapons. Here, while the same requirements need not be imposed on all countries from the beginning, the agreement must be structured from the beginning so that all significant countries will eventually participate.

Second, the rewards from restraints on greenhouse gas emissions will come in the politically distant future, while the costs will be incurred in the political present. Moreover, those rewards are highly uncertain. Much controversy still surrounds the expected impact of

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ARCHIVE PHOTOS

Don't do it: Vice President Al Gore and Japanese Prime Minister Ryutaro Hashimoto at the Kyoto summit.

further greenhouse gas emissions on the earth's ecosystems. The residents of some countries, such as Canada and Russia, may even expect to benefit from some surface warming. It will thus be difficult to persuade people that they should make sacrifices in the level or growth of living standards today for the sake of uncertain gains for their grandchildren or great-grandchildren. The wide distribution of expected but distant benefits in response to collective action provides an incentive for every country to encourage all to act but then to shirk itself—the so-called free-rider problem.

Third, the pervasive sources of greenhouse gas emissions—notably burning fossil fuels, cultivating wetlands, and raising cattle—imply that restraint will involve changes in behavior by hundreds of millions if not

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billions of people, not merely the fiat of 180 or so governments. Thus the most important part of an effective regime to limit climate change involves not an agreement among governments but the effective influence of governments on their publics.

No major legally binding regulatory treaty involves all of these characteristics to a similar degree. Typically, as with the halt to nuclear weapons testing or the Montreal Protocol to limit production of CFCs, the major actors are either governments themselves or a relatively few firms in a relatively few countries. The Convention on International Trade in Endangered Species perhaps comes closest in its comprehensiveness; it requires states to prohibit international trade in the covered products. Various agreements for managing international fisheries require cooperation of thousands of fishermen, but with a few exceptions they have not been notably successful.

The currently preferred approach to a treaty limiting greenhouse gas emissions centers around imposing agreed national targets on emissions—possibly permitting some of the allowed emissions to be sold from one nation to another, a feature that would significantly reduce the costs of a given reduction in emissions. A second approach, which has received less emphasis, stresses agreement on a set of actions that countries would undertake with a view toward reducing emissions. The latter option has been unwisely marginalized. Mutually agreed-on actions have better prospects of success than national targets.

NATIONAL TARGETS

IF TARGETS are to be set, on what basis should they be set? When quantitative targets are imposed within countries, they almost always reflect recent history. Such targets are allocated roughly in proportion to, say, recent emissions of pollutants or recent catch of fish. Targets based on emissions in some past year (e.g., a given country's 1990 emission levels) have a similar character. In effect, they allocate property rights to the existing tenants, conferring ownership on recent users. Targets allocated on this basis will be completely unacceptable, however, to countries that are or expect to be industrializing rapidly. Such nations' demand for fossil fuels grows with

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disproportionate speed. They will argue that most of the existing greenhouse gases generated by humans were emitted by today's rich countries and that those countries should therefore bear more responsibility for cutting back. Thus, developing countries did not commit themselves to reduce emissions at Rio; in Europe, Portugal and Greece have expressed similar reservations.

At the other extreme, some observers have suggested that simple distributive justice would require that emissions targets be based on population. This would favor heavily populated poor countries such as China, India, Indonesia, Bangladesh, and Nigeria. To be meaningful in limiting climate change, application of this principle would require drastic cutbacks in emissions by today's rich countries, implying radical changes in living conditions there. Targets based on population would, of course, be insensitive to varying resource endowments, which make nations with, say, large capacities for hydro-electric power less reliant on fossil fuels. Such targets would also ignore the fact that countries depend on vastly different fuel mixes as well as different levels of fuel consumption. Reductions in living standards could be mitigated, but not avoided, by the sale of unused emission rights by poor countries to rich ones. But the financial transfers involved would be far more than is likely to be politically tolerable. A typical American family of four could be expected to pay $2,200 a year to sustain its current level of emissions, and total U.S. transfers to the rest of the world could amount to $130 billion a year—over 10 times America's current foreign aid expenditure.[2] Of course, such payments and transfers would diminish insofar as they encouraged reductions in emissions, but significant reductions would take years. Moreover, the transfers would be made to governments, despite the underlying moral rationale for basing targets on the fundamental equality of all individuals. Many governments would object to transferring large sums to repressive regimes such as Iraq or Nigeria.

A combination of historical rights and population-based rights, phasing from one to another, will not solve the problem. Perhaps

[2]This calculation values carbon emissions rights at $100 per ton, amounting to a 38 percent levy on oil selling at $20 per barrel. The $100 figure is a rather low one.

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the most reasonable basis for allocating emission rights and the obligation for reducing emissions would be to calculate a "business-as-usual" trajectory of emissions for each country on the basis of recent history, development prospects, and past experience with the impact of economic development on the evolution of greenhouse gas emissions. Then each country could be charged with reducing emissions by a uniform percentage, chosen in relation to some measure of global reduction requirements, relative to its assigned trajectory. But of course even if this principle was accepted, the debate would simply shift to the choice of trajectories for each country. While impartial scholars might agree on a range of such trajectories, the economic consequences are large enough to make it extremely implausible that the assessments could be negotiated by the interested parties. Developing countries would almost certainly argue for implausibly high growth rates—based not on reality but on their aspirations for development, encouraged by the example of the four Asian tigers in the 1970s and 1980s. To complicate matters further, the principle of reduction by a uniform percentage would also be controversial. Many would no doubt argue for an element of progressivity in the required cuts, whereby rich countries would cut proportionately more rather than accept equally proportioned cuts.

IMPLEMENTATION

ONCE NATIONAL targets have been established, they must be translated into conditions that induce firms and households to change their consumption patterns away from activities that emit greenhouse gases. For most economic actors, the only practical way to alter behavior is to create price disincentives—that is, to make the activities that generate the emissions more expensive. An effective treaty to inhibit greenhouse gas emissions needs the cooperation of consuming publics.

In principle, all significant greenhouse gases should be covered, as was agreed to at Kyoto. In practice, however, given the many actors involved and the many sources of emissions, such broad coverage would be impossible to monitor and police. For practical reasons,

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therefore, the main target is usually fossil fuel consumption, plus a few other high-emission activities like cement production. Monitoring the consumption of fossil fuels is more or less manageable since most of it must pass through some relatively narrow chokepoints like gas pipelines, oil refineries, and electricity generating stations. Most coal production can be monitored at the mine head or on the barges and railroads that transport it.

But this still leaves out a lot of greenhouse gas emissions. Since 1850, only about half of greenhouse gas emissions have come from burning fossil fuels. Other important culprits include burning tropical forests, the use of wood as fuel, livestock and rice cultivation, town dumps, and leakage from gas pipelines. Omitting these sources from a regime based on national targets thus would significantly limit coverage. But such gaps are probably necessary on practical grounds because most changes in emissions from these sources could not be easily monitored. Their omission, on balance, would probably favor the developing countries.

The demanding fossil fuel emissions targets for rich countries could be met by greater efficiency at converting fossil fuels to usable energy in existing plants; switching from coal to natural gas; building new plants and machinery that use less carbon per unit of usable energy, including nuclear power plants; and reducing demand for energy. Unfortunately, the scope for change at the easiest monitoring points is limited. Obsolete generating plants can be replaced with more efficient or less carbon-dependent ones, but demand for such plants in the OECD will be modest over the next 20 years. Replacing power plants faster than obsolescence requires is dauntingly expensive. In developing countries, the demand for electric power is rising rapidly—by an expected 300 percent between 1990 and 2010, as opposed to 20 percent in OECD countries. By 2010, most generating capacity in those countries could in principle use low-carbon-dependent technology.

The consequence is that most of the reduction in the rich countries must come at or near the points of final demand, where the number of consumers is greatest. The reductions must be achieved by some combination of taxation, exhortation, publicity, and environmental education. Many consumers are not aware of the ways they can conserve energy without radical changes in their lifestyles. The key to success is

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not intergovernmental treaties but incentives that governments provide to their citizens. A treaty merely provides a vehicle for rough "burden-sharing" across countries and some international discipline in pursuit of the targets.

A WISER APPROACH

THERE IS an important alternative to setting national emission targets. That is to agree internationally on a set of *actions* calibrated to achieve the desired reductions in emissions. Since to accomplish their quantitative objectives governments must in any case create incentives for their citizens to alter their behavior, and since we have seen that setting a national allocation of global emission rights is likely to prove so contentious as to be impossible, it may be far easier to agree on a common use of instruments. For problems such as reducing emissions, the favorite instrument of economists is to tax the offending activity. All countries could agree to impose a common carbon emissions tax, which would increase the price of fossil fuels in proportion to their carbon content, with possible tax exemptions for uses that do not emit carbon dioxide, such as production of some plastics.

Such a tax would have at least two major advantages. First, it would encourage reduction of emissions to take place where it could be done at the least cost. All emitters would have the same incentive to reduce emissions, but only those who saved more in tax payments than it cost to reduce emissions would undertake reductions. Others would simply pay the tax. So the tax would encourage natural gas use everywhere (with benefits accruing to Russia and Iran, the countries with the largest known gas reserves). More important, the tax would boost general conservation of fossil fuels.

Second, the tax would generate revenue for governments whose usual sources of revenue hamper economic incentives to work, save, or undertake commercial risks. That should make it attractive to finance ministries everywhere. Where the revenues are large, as they eventually would be, the new tax should be phased in gradually. Growth can be encouraged by reducing other taxes, like those on foreign trade or on earnings. Taxes on fossil fuels would of course have some undesirable effects, such as delaying the

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switch from firewood to fossil fuels in poor countries. But it would be impractical in most cases to tax firewood.

In principle, it would be possible to extend the idea of a common carbon tax to methane as well, covering wetland rice production, decomposable refuse, gas pipeline losses, and cattle raising. That more difficult step could be phased in later.

Monitoring the imposition of a common carbon tax would be easy. The tax's enforcement would be more difficult to monitor, but all important countries except Cuba and North Korea hold annual consultations with the International Monetary Fund on their macroeconomic policies, including the overall level and composition of their tax revenues. The IMF could provide reports to the monitoring agent of the treaty governing greenhouse gas emissions. Such reports could be supplemented by international inspection both of the major taxpayers, such as electric utilities, and the tax agencies of participating countries.

Instead of the Kyoto approach, impose a tax on fossil fuels.

Imposition of taxes by international agreement raises a major problem for democratic countries, however. Taxation goes to the heart of parliamentary prerogative, and most democracies will not relish taxation by international agreement, even with a requirement for parliamentary ratification. Moreover, as the Clinton administration's 1993 experiment with a BTU-based energy tax illustrates, even modest energy taxes remain politically unpopular. The European Council proposed a somewhat more ambitious tax on energy, but it has yet to be enacted. That proposal paradoxically but not surprisingly gave special preference to coal, which is the most carbon-intensive of the fossil fuels but is produced at high cost in several EU countries, and would also have levied a tax on nuclear power, the least carbon-intensive major source of electricity.

But this political calculus could change dramatically. If we are to act seriously to reduce greenhouse gas emissions, the cost and price of emitting activities is bound to rise. Indeed, a rise in price is necessary to encourage large-scale conservation. It is better that the revenues from the price increase go into the hands of governments that represent the entire public than into unnecessary economic inefficiency or into the hands of large corporations that are allocated emissions quotas.

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Furthermore, the imposition of additional taxes does not necessarily imply additional revenues to governments. One possible disposition of revenues from emission taxes would be to reduce other taxes, such as the income tax or the payroll tax. Each country would be free to dispose of the emission tax revenues as it judged best. In the United States, passage of such a tax might be politically easier if coupled with the reduction of other taxes.

Two additional possible problems need to be mentioned, neither insuperable. The first concerns the fact that energy (especially oil) is taxed differentially among countries in the mid-1990s, and some countries continue to price both coal and oil well below world levels. Should a uniform tax be levied on an uneven initial condition? If existing pricing practices are taken to reflect existing national preferences on how best to allocate resources, a case can be made that the new carbon tax should be uniform, not the total tax burden on fuels. Of course, national policies would have to be monitored to ensure that the effect of the new tax was not undermined by other changes in tax or subsidy policy.

A carbon tax could raise $750 billion in annual revenue.

The second possible problem concerns the disposition of revenue. To have a significant impact on emissions, the tax would probably have to be substantial. A substantial tax on a major input to modern economies would generate much revenue. To whom should it accrue? Oil-producing countries will suggest that if oil is to be taxed, they should levy the tax and get the revenue—indeed, that is what OPEC's attempts to control oil prices amount to. Oil-consuming countries, however, would feel doubly aggrieved if they must charge more for oil to discourage its consumption yet do not receive the revenue; they will insist that the tax be levied on consumption and accrue to them, not least so that they may reduce other taxes to assure their continued prosperity and growth. In practice, that view is likely to prevail.

There is, however, a third possible claimant for at least some of the revenue: the international community. The international community has accepted a number of collective obligations that are cumulatively expensive. Caring for refugees and peacekeeping are only the most

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apparent. Refugees and peacekeeping operations cost the United Nations about $2.6 billion a year, well over the regular annual U.N. budget of $1.2 billion. In addition, donor countries finance about $5 billion a year of U.N.-administered economic assistance to the poorest countries. The Rio convention conditions cooperation by developing countries in reducing emissions on new financial support from the rich countries. These activities could be financed in part by revenues from an internationally agreed tax levied by all countries. Obviously, the major emitters, currently the rich countries, would pay most of the tax. But as poor countries develop, their contribution would increase automatically—an attractive bonus. These collective needs, while substantial, are nonetheless modest in terms of the total revenue likely to be available from an effective carbon tax.

The revenue these taxes would raise is substantial. An OECD model suggests that a worldwide tax on 5.2 billion tons of global carbon emissions in 2020 would yield $750 billion in annual revenue, about 1.3 percent of gross world product in that year. The United States would gather about one-fifth of this amount.

Of course, we do not know how responsive publics may be to any given tax level. The cuts in emissions could be either greater or less than initially projected. Thus a regime based on mutually agreed emissions taxes must allow for subsequent adjustment in tax levels—up or down—as new scientific information on the significance of greenhouse gas emissions for prospective climate change becomes available and as we learn how effective a given level of taxation is in reducing emissions. These effects will become clear only over long periods of time, but that is not a decisive disadvantage when the objective concerns decades and perhaps centuries.

Taxes on greenhouse gas emissions will undoubtedly make energy-intensive products such as steel and cement more expensive. For countries that lack modern infrastructure, these higher prices will raise the costs of building modern housing and transportation systems. On the other hand, tax revenues from emissions would generate badly needed government revenue in such countries and help them avoid levying taxes on other commodities and on incomes, thus removing a frequent drag on development. The net effect is unclear, however, and no doubt will vary from country to country.

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DEATH AND TAXES

DEVELOPING COUNTRIES are not likely to constrain their economic growth—and the concomitant demand for energy—for the sake of avoiding global warming. For one thing, adaptation to such climate change as may already be in train will be easier for those countries that are more developed, reinforcing the priority that poorer countries already give to development. Furthermore, developing countries will argue that, apart from local air and water pollution, global environmental degradation is overwhelmingly the fault of the rich countries. They have a point. The relative contributions to environmental degradation can change markedly with successful economic development, but that is a matter that the world's poorer nations are likely to be willing to take into consideration only after industrialization has actually occurred. The bottom line is that many developing countries will cooperate with developed countries in reducing greenhouse gas emissions into the atmosphere only so long as it does not entail great domestic political conflict and so long as the developed countries foot the bill.

For these reasons, the international negotiations for mitigating global warming will be painfully complex. One strategy is for the OECD countries to take on the assignment themselves in the hope that developing countries will join in later after their incomes and fossil fuel consumption have risen considerably. This strategy does not preclude action within developing countries—provided the OECD countries are willing to pay for it. The problem with this strategy is that there seems to be no right time for a country to graduate from "developing" to "developed" status, especially since such a graduation can cost a country its eligibility for development loans and preferential tariffs. Another hitch is that since not all countries will have joined the consensus, stiff OECD action to reduce emissions will lead to a costly relocation of energy-intensive industries to countries that have not yet committed to fight global warming—thus undermining the objective of reducing global greenhouse gas emissions.

An effective treaty cannot be based on the allocation of valuable emission rights since there will be no generally agreed principle for allocation. If the international community is to organize itself at all

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for the significant mitigation of greenhouse warming, it should be on the basis of mutually agreed actions, such as the imposition of a more-or-less uniform carbon tax on the use of fossil fuels.

International cooperation in other fields has progressed most successfully when there was agreement not only on the objective but also on how best to achieve it. As the prolonged and sometimes acrimonious history leading to international cooperation in containment of contagious diseases suggests, the absence of scientific consensus on how greenhouse gas emissions translate into global warming and how these temperature changes in turn affect the human condition will make it difficult to agree on how to share costly actions or, indeed, on what actions should be taken. Large differences in assessments of the costs of mitigating action will simply magnify the difficulties. But taxes, like death, are inevitable as well as universal, and they can more profitably be imposed on harmful activities than on socially valuable ones. That fundamental truth offers some hope for international action to slow global warming.

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Africa's New Bloc

Dan Connell and Frank Smyth

COMING OF AGE

SUB-SAHARAN Africa is undergoing its most profound changes since the early years of independence. Forces that have long held sway over the region are now either waning or gone. For decades the United States, the Soviet Union, and France propped up dictators who served their interests—men like Ethiopia's Mengistu Haile Mariam, Somalia's Mohamed Siad Barre, Rwanda's Juvenal Habyarimana, and the former Zaire's Mobutu Sese Seko. The scaled-down presence of foreign powers has helped topple the regimes these men built. Other despots like Kenya's Daniel arap Moi and Cameroon's Paul Biya are also feeling unprecedented pressure for democratic change. Many were military officers who took advantage of the general disorder left by departing colonial forces to seize power. Once entrenched, each preached some form of nationalism, only to evolve cynical regimes which, in addition to being brutal, did little for their own people while shamelessly enriching their leaders' inner circles. Now, with the clear exception of Nigeria, Africa's postcolonial despotic order is finally breaking down.

But several new trends are evident. Since the departure of foreign powers, precolonial ethnic conflicts—exploited by local political forces—have reemerged with a vengeance. Although the divide between the Hutus and Tutsis dates back to at least the sixteenth century, Rwanda's 1994 genocide, in which up to 800,000 people were slaughtered, was unprecedented. Ethnic and clan-based political identities are resurfacing

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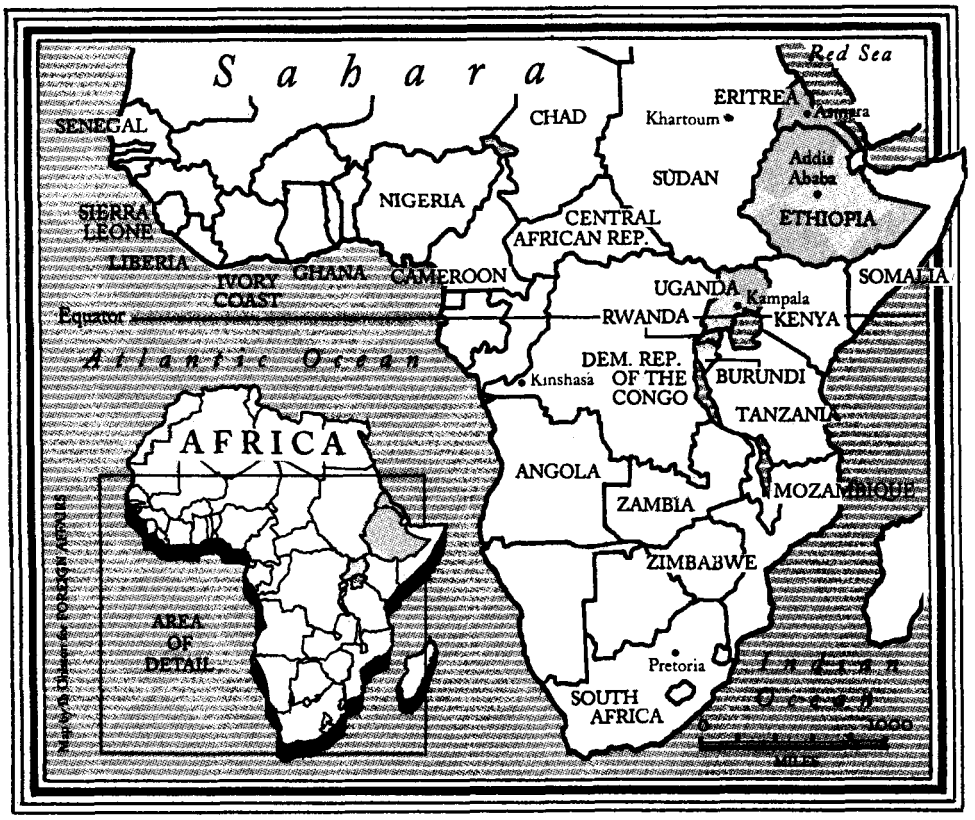

elsewhere on the continent as well. In Nigeria they fuel a regionally based opposition movement to the central government, in Sudan an armed rebel group that threatens secession. And in places like Liberia and the Somali Republic, they have dissolved nations into anarchy.

Another rising trend is the propensity of African states to invade each other. Besides deploying combat forces, Rwanda helped plan, organize, and lead the rebel campaign that deposed Mobutu last year, turning Zaire into the Democratic Republic of the Congo. Angola also marched against Mobutu and had a hand in Brazzaville's more recent leadership struggle. Uganda, which has a history of backing military campaigns in the Great Lakes region, is now allied with Ethiopia and Eritrea in support of rebels in Sudan. Ethiopia is also backing forces in Somalia. Nigeria has deployed peacekeepers under dubious mandates in Liberia and Sierra Leone.

Africans are increasingly taking matters into their own hands. A new generation of leaders backed by highly trained and disciplined armies is assuming power. The most assertive of these new leaders are former guerrilla commanders who developed their character and

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worldview as their movements defeated foreign-supported, postcolonial despots in drawn-out struggles. While highly nationalistic, these leaders were once students of Marxism, organizing along democratic-centralist lines and planning to nationalize their economies. Although some still own Lenin's complete works, they are pragmatists, favoring free markets and insisting that corruption, not class difference, is the greatest threat to national development. Steeped in the values of secular nationalism, each has sought to incorporate disenfranchised ethnic and religious groups. Yet not one of these leaders can easily be called democratic, as each still runs a de facto one-party state.

Some of these states are coalescing into a new political and military bloc that, though relatively small, aspires to remake much of the continent. At its core are Uganda, Rwanda, Ethiopia, and Eritrea, with Angola and South Africa playing smaller roles. These countries enjoy the sympathies of Tanzania, Zambia, Zimbabwe, and Burundi. Having ousted Mobutu, the bloc now seeks to topple the Islamist regime in Sudan and influence Chad, the Central African Republic, and Somalia. While these new leaders disagree over tactics, they share the goal of ending the cronyism and instability that has epitomized postcolonial Africa.

More by default than by design, the United States has gained influence while France, especially, has lost ground. The Clinton administration has largely played catch-up in response to events in Africa, with guidance flowing as much from foreign missions to Washington as the other way around. U.S. policymakers have been mostly sanguine about the new bloc and its aims. Yet on key issues affecting Africa, they remain divided.

THE AGENTS OF CHANGE

LEADERS OF the new bloc share interests and experiences that manifest themselves in fiercely independent attitudes. Take Eritrea, a small, poor country on the Red Sea, colonized by Italy and forcibly incorporated into neighboring Ethiopia in 1962. It fought U.S.- and then Soviet-backed Ethiopian regimes for 30 years before gaining independence in 1993. Its new president, Isaias Afwerki, is a long-time guerrilla leader and is unusually candid. In his first address

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to the Organization of African Unity, Isaias (Afwerki, by regional custom, is his father's first name) lambasted the assembled heads of state for neglecting Africa's problems while wasting money on their own lavish lifestyles.

A former engineering student, Isaias, 51, is a problem-solver, willing to borrow from any plan or formula that might work. At 23, he went to China for military training at the height of the Cultural Revolution. Today he is taking a correspondence course at a British institute to earn a business degree. Isaias retains—and demands from his followers—an unyielding spirit of self-sacrifice. Crime and corruption are rare in Eritrea. In 1995 the government imprisoned several high-ranking Eritrean revolutionary veterans for embezzlement. National service, including both military training and civilian labor, is compulsory, and many young men and women are surprisingly eager to serve. And unlike other African capitals, Asmara is impeccably clean.

A new generation of leaders with strong and disciplined armies is taking power in Africa.

Eritrea, while allowing more political freedom than before, is not a democracy. Isaias states clearly that the country will advance toward greater pluralism according to its own schedule and on its own terms. The movement he founded, which still dominates, has successfully incorporated Muslims and ethnic minorities into its ranks. But fearing ethnic fragmentation, Eritrea outlawed parties deemed to be ethnically or religiously motivated. Furthermore, only demonstrations in favor of the government are tolerated. In 1993, when disabled revolutionary veterans protested by blockading roads and taking hostages, government soldiers killed several of them. There is no free press either. An Eritrean journalist with Agence France Press was arrested in 1997 for reporting on a private speech Isaias gave on Eritrea's military involvement with allied states against neighboring Sudan.

Ethiopia, much larger than Eritrea, is one of those states. Its prime minister, Meles Zenawi, 42, who joined a revolutionary movement when he was a 20 year-old aspiring medical student, is another eclectic thinker. Meles fought alongside Isaias for 15 years against the brutal, Soviet-backed Mengistu. Isaias, who provided experienced combatants

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Africa and the Foreign Service

SMITH HEMPSTONE

Excerpts from Rogue Ambassador: An African Memoir (Sewanee: University of the South Press, 1997), *by George Bush's envoy to Kenya.*

America's career Foreign Service is seriously flawed. It is not that the members of the Foreign Service are not bright, talented, and dedicated; many of them are. It is what happens to them after they join. Because they are not stupid, most of them quickly see that the State Department, like most bureaucracies, places a higher value on conformity than on innovation, that to get along one has to go along. By the end of their first four years, nearly 95 percent of these junior officers will be awarded the equivalent of academic tenure. Unless they fail to be promoted over a number of years, they are almost guaranteed a career in the Foreign Service. In this age of political correctness, the guarantee is practically absolute for women, blacks, Hispanics, and Native Americans. And the best guarantee of promotion is not excellent performance, but avoiding blotting your copybook or making some faux pas that draws unfavorable attention. The premium is on sucking up and keeping one's head down.

Most white Anglo-Saxon males in the Foreign Service now understand that so-called equal employment practices have tilted the playing field against them. Women and members of the preferred minorities will be promoted more rapidly and get the more desirable assignments. A new departmental practice that is particularly insidious is the requirement that each short list of candidates for deputy chief of mission—usually three or four officers—include at least one woman and one member of a preferred minority. This policy is not too bad if the objective is the advancement of those who belong to groups that have been disadvantaged in the past. But there is a further requirement that an ambassador who does not pick either the woman or the member of the preferred minority as his deputy chief of mission must write a letter to the secretary of state explaining why. Politically appointed ambassadors may not mind doing this since most serve only one term. But to avoid risking a charge of sexism or racism,

to help Ethiopian revolutionaries in 1975, provided the artillery for Meles' final march on Addis Ababa in May 1991. These two leaders then negotiated the protocols for a referendum two years later that led to its independence. They have even more in common. Both men are ethnic Tigrinyas, which leads many non-Tigrinya Ethiopians to suspect a conspiracy.

A third leader within the bloc is Yoweri Kaguta Museveni, about 53 (he is not sure), the president of the small but powerful Uganda. Often described as the "godfather" of the new bloc because of his voluble utterances, Museveni is the only bloc leader who came to power during the Cold War. He, too, has a history of involvement in revolu-

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nine out of ten career ambassadors are likely to pick the woman or the member of the preferred minority, even if they are less qualified. Since most career ambassadors are drawn from the pool of deputy chiefs of mission, the next generation of career ambassadors will feature a growing number who have achieved eminence because of their gender or ethnic background rather than their performance.

As long as we are on a politically incorrect subject, allow me to mention a related one. Although I have known a number of excellent black and female ambassadors in Africa, they are generally not well received. African-Americans have the double disadvantage in African eyes of being the descendants of slaves and being perceived as second-class citizens in the United States. Women are not taken seriously politically in many African countries. It would be far better to send women and black ambassadors to Scandinavia or elsewhere in Western Europe rather than to Africa. The State Department knows this but does not have the guts to act on it.

Finally, as in many multinational corporations, Foreign Service officers realize that the closer to the flagpole, the more rapid the promotion and the better the future assignments. One does not normally get ahead by slogging it out year after year in remote and dangerous posts. The desks on the State Department's seventh floor, where the barons of diplomacy congregate, are far more likely to go to those who have put in considerable time at the operations center, the secretariat, the Bureau of Intelligence and Research, or the White House's Security Council. These assignments give a young officer the chance to pick up a powerful mentor or ensure through the buddy system that his or her next assignment is an attractive one.

I do not pretend to know the solutions to these problems, but if something is not done, the State Department will slowly degenerate until its personnel is indistinguishable from the Department of Housing and Urban Development. The old Foreign Service contained far too many Ivy League WASPs. The new one is too color coordinated. It needs more people who want to do something and fewer who want to be something. It needs to reward innovation and industry rather than raise conformity and political correctness to high art forms.

tionary movements. In 1968, the 24-year-old Museveni was studying in socialist Tanzania. Later he led a group of students behind enemy lines in Mozambique to visit Marxist guerrillas. He also spent time in North Korea seeking military training. By 1971 he was back in Uganda, working for President Milton Obote's first regime when the army commander Idi Amin seized power. Museveni formed a guerrilla force to oppose Amin but eventually disarmed and joined the second Obote regime, only to break with him again. In January 1986, five years after forming a new guerrilla army, Museveni and his men overran Kampala.

Museveni has been a relatively benign dictator, often delivering homilies about the value of work and individual initiative. While

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encouraging political participation in villages, he outlawed political parties, claiming they would only breed chaos. Before the 1996 presidential elections, he allowed long-dormant parties to resurface, although they were still prohibited from formally endorsing candidates or organizing rallies. During the campaign, Museveni's followers intimidated the opposition, while state resources were used to mobilize his own supporters, and he won easily. Opposition groups nevertheless hold some seats in the parliament and control *The Monitor*, Uganda's second-largest daily. While the opposition tries to attract members of ethnic minorities, the issue of ethnicity is less divisive in Uganda than elsewhere. The country has many small ethnic groups, so no single group dominates. Museveni himself is from the Banyankore ethnic group in southwestern Uganda. Because some key Rwandans who fought alongside him during his rise to power are Tutsi, he is frequently accused by foreigners, especially Francophones, of being one as well.

Paul Kagame, 40, Rwanda's vice president and minister of defense was one of Museveni's comrades, supporting him in 1981. In turn, Museveni aided Kagame and the Tutsi rebels that defeated the French-backed Hutu government in Rwanda in 1994. Like others in the new bloc, Kagame and his movement have a Marxist past; some Rwandan officers still subscribe to North Korean newspapers. Yet the new Rwanda is hardly antediluvian. Western experts consider Kagame a top military strategist who commands an effective army that he is not afraid to use. Kagame does not deny that his forces played a decisive role in the recent Zairean rebellion that brought Laurent Kabila and his followers to power. Kagame's main objective was to rid eastern Zaire of Rwandan Hutu rebels. But an unknown number of them have since returned to Rwanda, hiding among its Hutu majority and launching new attacks. Hutus outnumber Tutsis six to one. Kagame has no intention of sharing any real power.

The new four-state African bloc, therefore, emerged from the prior understandings between the men who are now leaders of Eritrea and Ethiopia on the one hand, and Uganda and Rwanda on the other. These leaders still disagree on many issues, however. While Rwandan and Eritrean senior officials get along well, Uganda's Museveni is critical of Ethiopia's Meles for encouraging ethnic identity politics that could backfire and divide the country. Similarly, since Kagame's

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1994 takeover in Rwanda, some distance has opened up between the Ugandans and the Rwandans. Although Museveni is prone to making indecorous public comments, he privately discouraged Kagame from taking measures that might have provoked France in the former Zaire. Kagame ignored him. In general, Museveni has advocated restraint, while the leaders of the bloc's two smallest countries, Rwanda and Eritrea, have called for action.

FOR BETTER OR WORSE?

EMERGING CONFLICTS have brought the four members of the bloc closer together. Since the late 1980s, Sudan has provided bases and arms to various Islamist and extremist rebel groups launching raids into Eritrea, Ethiopia, and Uganda. After one cross-border attack into Eritrea in December 1994, Isaias took the initiative to strike back. He invited various factions of the Sudanese opposition to Asmara to forge a military alliance and flew to Addis Ababa and Kampala to persuade Ethiopia's Meles and Uganda's Museveni to form a coalition of frontline states. Each state now provides bases, logistical support, and arms to Sudanese rebel groups operating from its territory, with their combined momentum even drawing U.S. support. In 1997 the Clinton administration's budget for nonlethal military aid to Eritrea, Ethiopia, and Uganda to help fend off rebels backed by Sudan was $20 million.

The former Zaire was a second catalyst of cooperation. While Zaire had long provided bases to rebels of the National Union for the Total Independence of Angola (UNITA) fighting the Angolan government along its western border, its own ethnically driven policies on its eastern border harrowed the terrain for insurrection. Zaire allowed Rwandan rebels to operate from its territory, and Zairean forces joined with these groups in 1995 and 1996 to attack local Tutsis, massacring thousands and displacing as many as 250,000.

Although Laurent Kabila took credit for its success, the Zairean rebellion was a joint effort. Kagame has since admitted that Angola and Uganda provided initial funding. Angola also deployed troops right before the fall of Kinshasa; Rwanda helped plan and execute the operation and provided combat forces. From the beginning, Eritrea provided material support and combat training in eastern Zaire. The

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operation, while impressive by military standards, exacted a grisly human cost. Evidence suggests that both Kabila's and Kagame's forces hunted down and killed unarmed civilians—including women and children—suspected of being, or being associated with, the rebels. Many officers suspected of ordering the killings spoke Kinyarwanda, Rwanda's language. These massacres cast a harsh light on Kagame, Kabila, and the new bloc.

Despite this record, some international observers like the World Bank and Oxfam International, a private anti-hunger consortium, welcome the bloc. They see a new axis emerging across the continent, linking leaders who seek to break the corrupt and colonial ties of the past and ending the vast patronage systems that have undermined African development. For decades, leaders failed to invest in infrastructure, education, health care, or legal and regulatory reform. Nations became aid-dependent, while their leaders established predatory regimes. They used their armies and what judiciaries they had to insulate themselves from any pressure for

Africa and Foreign Aid

SMITH HEMPSTONE

More excerpts from Rogue Ambassador:

Before World War II, there was no such thing as foreign aid. The colonial powers—Britain, France, the Netherlands, Belgium, Portugal, Spain, and Italy (Germany had lost its overseas possessions at the end of World War I)—were responsible for the administration and development of their colonies. Occasionally, the United States or American banks made loans to small, destitute countries within their sphere of influence, and, in the case of Haiti, had no compunction about sending in the Marines to collect what was owed.

But foreign aid as we know it today was a product of the Cold War, when the United States and the Soviet Union vied with one another to buy clients on every continent. It is not clear that Washington or Moscow got its money's worth. The former colonial powers in Europe at least managed to preserve a degree of influence and a mercantile edge. But the United States, which lavished more than $400 billion abroad, could only get Third World nations to vote with it in the United Nations about 15 percent of the time.

Does foreign aid have a role to play? Indeed it does. Food aid, while it may not encourage development, enables us to dispense food surpluses, salve our consciences, and provide some employment for Americans, while also saving lives.

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reform. When challenged, tyrants like Amin, Habyarimana, and Mobutu responded with unspeakable violence.

The legacy of their generation is obscene. Among Sub-Saharan Africa's 590 million people, almost half live on less than one dollar a day and lack safe drinking water. More than one-third have no health care. Tuberculosis, malaria, hepatitis, and AIDS run rampant, and preventive measures are minimal. Nearly half the adult population is illiterate, and worker productivity in most countries is among the lowest anywhere. Africa's aggregate per capita income is lower than that of any region but south Asia. In fact, under the last generation of rulers, the continent grew poorer with every passing decade. Even if Africa's aggregate growth doubles over the next nine years, its per capita income in 2006 would still be five percent lower than it was in 1974.

Africa's new leaders aspire to reverse this decline—to establish what Oxfam calls "new political systems of responsive and accountable government." Interestingly, while all four members of the bloc share this goal, Eritrea and Rwanda have been particularly suspicious

Development aid can help to create healthier societies abroad, contribute to the overseas sale of American products, and again, create at least a few jobs at home. Even a small amount of military aid, the hardest kind of assistance to justify, helps to keep the military establishments of the world on our side.

The trick is to get the mix right. Grandiose projects, such as high dams, steel mills, and national airlines, tend to be a waste of money and confer doubtful benefits on the recipients. More should be spent on strengthening democratic institutions, professional societies, women's groups, and the like. For example, our major areas of concentration in Kenya—family planning, yeoman farmers, and small businesses—have been partially effective. But the more than $1 billion the United States has poured into Kenya since independence in 1963 has not done much to improve the life of the average Kenyan. Once Kenya could feed itself. It no longer can. It would be better if the U.S. Agency of International Development returned to the old days, and Americans went out to the countryside and muddied their boots helping the local citizenry. Today the aid agency is an organization of 4,300 macroeconomic theorists and accountants, plus 7,450 contract employees. We would be better off if we fired half the accountants and accepted a 10 percent embezzlement rate. In fairness, USAID's lassitude and ineptitude are not entirely its fault. The agency's programs are plagued by more congressional micromanaging directives as to how and what it must spend its money on than a junkyard dog has fleas.

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of foreign nongovernmental organizations. Neither country is a beggar. In 1996 Rwanda expelled many NGOs, accusing them of aiding rebels. Eritrea accuses NGOs of perpetuating their own existence by creating aid-dependency among its people. In 1996 Eritrea ended food relief programs, and in 1997 it suspended all other activities of NGOs in the country, allowing them to fund, but not operate, health and education projects.

The bloc's combined forces make it one of Africa's largest military powers.

The bloc's four countries encourage development through investment and work rather than through foreign aid. With the exception of Rwanda, whose economy continues to plummet due to the civil war, these countries have seen their economies grow. Ethiopia experienced a 3.4 percent average annual increase in GDP in this decade. Uganda did even better, averaging 6.9 percent growth during the same period, rising to 10 percent in the past two years. This prosperity follows efforts, especially in Uganda, supported by the World Bank and others, to stabilize currencies, sell state-owned enterprises, reduce government budgets, and create a stable business climate designed to attract private capital. Pursuing similar policies, Eritrea has seen recent annual growth of almost 8 percent.

Sub-Saharan Africa now receives only five percent of all direct foreign investment flowing to developing countries. About half of that goes to Nigeria, mainly to extract oil. Nonetheless, South Africa, the Ivory Coast, and Ghana are attracting new investors, and countries like Senegal and Mozambique are trying to. Private capital alone, however, will not eliminate poverty. Oxfam and many other groups urge the World Bank and other Western institutions to use their funds to encourage economic equality, improve health and education, and develop agricultural and other projects that are self-sustaining in the long term.

Economic development should not distract attention from human rights abuses like the Congo's recent massacres. These events, however, should not be seen through an ahistorical lens. Looking at events over time, everyone emerges sullied, including members of the international community. Rwanda's genocide began in April 1994. United Nations peacekeepers were already there, but their force

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structure and mandate were too feeble to stop the bloodletting. France deployed troops in Rwanda once the genocide was under way, but they set up a safe haven that protected many war criminals. The U.N. Security Council approved France's establishment of a sanctuary. Oxfam and U.N. relief agencies also played host to killers in refugee camps in eastern Zaire.

Almost everyone involved agreed that civilian refugees should be separated from war criminals, but they disagreed on who should do it. When the United Nations in late 1996 decided to deploy a force under Canadian command, its proposed mandate was limited to providing safe corridors for refugees to voluntarily repatriate to Rwanda. It had no authority to segregate them forcibly from the killers who were holding them back. By then Kagame, the Rwandan leader, was fed up. Just as the U.N. force was about to mobilize, Kagame unleashed a rebellion. In less than one month, local Tutsi and Rwandan forces routed the war criminals from the U.N. camps, separating them from most of the refugee population. Half a million refugees returned to Rwanda within three days. The rebellion continued, and Kabila proclaimed himself its leader.

A member of the Muluba ethnic group from diamond-rich southeastern Zaire, Kabila had participated in several communist-led revolts and an ethnic rebellion. He formed his own revolutionary party in 1968. Although it attracted little support, Kabila financed it through ivory, diamond, and gold smuggling. He remained in relative obscurity until he was recruited by Kagame and others to lead eastern Zaire's Tutsi rebellion. Since assuming power, he has failed to incorporate opposition leaders and other ethnic groups into his movement, raising questions about whether he will be able to control the Congo, one of Africa's largest countries with over 200 ethnic groups. His forces, like Kagame's, have much to answer for concerning human rights, although he has agreed to allow the United Nations to investigate their alleged massacres. But brokered by U.S. Ambassador Bill Richardson, the U.N. commission's mandate begins in March 1993, which will enable its members to investigate Rwanda's deadly slide into genocide, as well as subsequent events that precipitated the Congo massacres. Kagame, Kabila, and others have been assured that the antecedents to their own crimes will not be overlooked.

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NEW TARGETS

ALTHOUGH THE bloc is cohesive, its influence elsewhere on the continent is modest. Stretching from the Great Lakes region to the Red Sea, its combined forces are one of several major military concentrations in Africa. While together they are stronger than the Sudanese army, they are no match for the armies of South Africa or Nigeria. Economically the bloc is small. Its most militant members, Eritrea and Rwanda, have economies smaller than that of Cyprus. The bloc's two largest countries, Ethiopia and Uganda, have economies that are each less than that of oil-rich Sudan. So far the bloc's influence has been limited to central and eastern Africa as well as the Horn. Nigeria dominates the Economic Community of West African States, and post-apartheid South Africa is a rising force on the continent.

Sudan is next on the bloc's list of targets. For years the Islamist regime, led by General Omar Bashir, has backed fundamentalist rebels in three bloc states and elsewhere, including Egypt, Kenya, Senegal, and the former Somalia. Khartoum was also behind assassination attempts on Egypt's President Hosni Mubarak in Addis Ababa in 1995 and Eritrea's Isaias in Asmara in 1997. Here the bloc and the United States share common interests. Washington is irritated at Sudan's support of individuals like the wealthy Saudi Usama Bin Ladin, whom the State Department claims has financed terrorism worldwide, and groups including Algeria's Islamic Salvation Front, the Palestinian-based Hamas, and Islamist veterans of the war in Afghanistan.

Composed mainly of Muslim Arabs in the north, the Bashir regime has escalated the war against rebel forces in the south. The regime has banned political parties, trade unions, and all other "nonreligious institutions," and has restricted dress and behavior in accordance with Islamic law. Taking some cues from Iran, it has also restricted the press and purged more than 78,000 people from its army, police, and civil service, reshaping the state apparatus to better stifle dissent. The army, faced with unprecedented rebel attacks, has been forced to recruit 14 year-olds to sustain its ranks.

Leaders of Sudan's armed rebels are close to the bloc. John Garang, the commander of the Sudan People's Liberation Army, based mainly in the south, was in a revolutionary study group in Tanzania with

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Uganda's Museveni. Abdel Aziz Khalid, commander of the Sudan Alliance Forces, a new group based in the east, is a former Sudanese army commander who consults frequently with Ethiopia's Isaias. Elsewhere in Africa, another leader compatible with the bloc is Thabo Mbeki, 55, the South African deputy president. More militant than President Nelson Mandela, Mbeki is expected to succeed him in 1999.

The bloc supports change elsewhere in Africa, even in states beyond its reach like Nigeria. Described by one U.S. expert as "a massive criminal enterprise," Nigeria has become a major transit point for heroin from Asia and other drugs en route to Europe and the United States. Led by General Sani Abacha, who seized power in a 1993 coup, Nigeria's regime has killed hundreds of political opponents and imprisoned thousands more, including many members of ethnic minorities. Composed mostly of northerners like Abacha, it has crushed dissent in the country's southeast, especially among the Ogonis, who blame him and his predecessors for destroying their homeland. Ignoring them, Abacha in November 1995 hung Ken Saro-Wiwa, the award-winning writer, along with eight fellow Ogoni activists.

However unlikely the bloc is to effect change in Nigeria, it has already bolstered the opposition in other countries like Kenya. President Moi recently closed the offices of Ugandan rebels in Nairobi, and demonstrators there have begun shouting Kabila's name in the streets. Moi has finally extradited Rwandan rebel leaders to stand trial. As part of its effort to isolate Sudan, the new bloc also seeks influence in the Central African Republic and Chad. In the former Somalia, the bloc plans to help rebuild the state's institutions. On the Horn and elsewhere, it aims to inspire regimes in its image.

Although disorder reigns over much of the continent, Africa's new leaders have begun to fill the vacuum left by the end of the Cold War. While all four members of Africa's new bloc are leery of France for historical reasons, all enjoy warm relations with the United States.

The Clinton administration has embraced the bloc and its allies. Since 1995 U.S. army special forces have been training Kagame's troops in Rwanda. Last December, Secretary of State Madeleine Albright visited Ethiopia, Uganda, Rwanda, the Democratic Republic of the Congo, Angola, South Africa, and Zimbabwe. She sidestepped, however, many abuses, including the recent massacres in the Congo,

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drawing criticism from human rights organizations. Moral versus pragmatic views are at the heart of most foreign policy debates; the most sustainable solutions usually result from a synthesis of both. Such a policy is appropriate for dealing with Africa's new bloc, which is led by market-oriented men who earned their mandates through protracted struggle. Although they still resist foreign guidance on democracy and human rights, they are far more responsive, accountable, and egalitarian than any of their predecessors. Together they comprise a new political-military alliance that is engaged in joint campaigns from the Great Lakes to the Sahara. However imperfect, the bloc changes Africa's balance of power.

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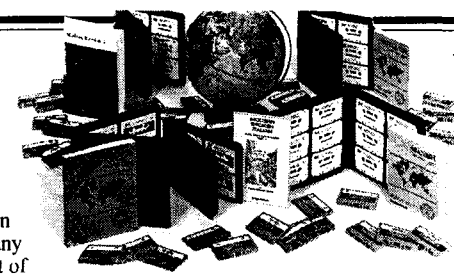

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The Rule of Law Revival

Thomas Carothers

A NEW NOSTRUM

ONE CANNOT get through a foreign policy debate these days without someone proposing the rule of law as a solution to the world's troubles. How can U.S. policy on China cut through the conundrum of balancing human rights against economic interests? Promoting the rule of law, some observers argue, advances both principles and profits. What will it take for Russia to move beyond Wild West capitalism to more orderly market economics? Developing the rule of law, many insist, is the key. How can Mexico negotiate its treacherous economic, political, and social transitions? Inside and outside Mexico, many answer: establish once and for all the rule of law. Indeed, whether it's Bosnia, Rwanda, Haiti, or elsewhere, the cure is the rule of law, of course.

The concept is suddenly everywhere—a venerable part of Western political philosophy enjoying a new run as a rising imperative of the era of globalization. Unquestionably, it is important to life in peaceful, free, and prosperous societies. Yet its sudden elevation as a panacea for the ills of countries in transition from dictatorships or statist economies should make both patients and prescribers wary. The rule of law promises to move countries past the first, relatively easy phase of political and economic liberalization to a deeper level of reform. But that promise is proving difficult to fulfill. A multitude of countries in Asia, the former Soviet Union, Eastern Europe, Latin America, sub-Saharan Africa, and the Middle East are engaged in a wide range of rule-of-law reform initiatives. Rewriting constitutions, laws, and regulations is the easy part. Far-reaching institutional reform, also

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necessary, is arduous and slow. Judges, lawyers, and bureaucrats must be retrained, and fixtures like court systems, police forces, and prisons must be restructured. Citizens must be brought into the process if conceptions of law and justice are to be truly transformed.

The primary obstacles to such reform are not technical or financial, but political and human. Rule-of-law reform will succeed only if it gets at the fundamental problem of leaders who refuse to be ruled by the law. Respect for the law will not easily take root in systems rife with corruption and cynicism, since entrenched elites cede their traditional impunity and vested interests only under great pressure. Even the new generation of politicians arising out of the political transitions of recent years are reluctant to support reforms that create competing centers of authority beyond their control.

Western nations and private donors have poured hundreds of millions of dollars into rule-of-law reform, but outside aid is no substitute for the will to reform, which must come from within. Countries in transition to democracy must first want to reform, and must then be thorough and patient in their legal makeovers. Meanwhile, donors must learn to spend their reform dollars where they will do the most good—and expect few miracles and little leverage in return.

LEGAL BEDROCK

THE RULE of law can be defined as a system in which the laws are public knowledge, are clear in meaning, and apply equally to everyone. They enshrine and uphold the political and civil liberties that have gained status as universal human rights over the last half-century. In particular, anyone accused of a crime has the right to a fair, prompt hearing and is presumed innocent until proved guilty. The central institutions of the legal system, including courts, prosecutors, and police, are reasonably fair, competent, and efficient. Judges are impartial and independent, not subject to political influence or manipulation. Perhaps most important, the government is embedded in a comprehensive legal framework, its officials accept that the law will be applied to their own conduct, and the government seeks to be law-abiding.

The relationship between the rule of law and liberal democracy is profound. The rule of law makes possible individual rights, which are

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at the core of democracy. A government's respect for the sovereign authority of the people and a constitution depends on its acceptance of law. Democracy includes institutions and processes that, although beyond the immediate domain of the legal system, are rooted in it. Basic elements of a modern market economy such as property rights and contracts are founded on the law and require competent third-party enforcement. Without the rule of law, major economic institutions such as corporations, banks, and labor unions would not function, and the government's many involvements in the economy—regulatory mechanisms, tax systems, customs structures, monetary policy, and the like—would be unfair, inefficient, and opaque.

The rule of law can be conceived broadly or narrowly. Some American jurists invest it with attributes specific to their own system, such as trial by jury, a constitution that is rarely amended, an expansive view of defendants' rights, and a sharp separation of powers. This alienates those from other societies that enjoy the rule of law but do not happen to follow the American approach in its many unusual particulars. Some Asian politicians focus on the regular, efficient application of law but do not stress the necessity of government subordination to it. In their view, the law exists not to limit the state but to serve its power. More accurately characterized as rule *by* law rather than rule of law, this narrow conception is built into what has become known as Asian-style democracy.

TRANSITION TRAUMA

THE RULE of law is scarcely a new idea. It is receiving so much attention now because of its centrality to both democracy and the market economy in an era marked by a wave of transitions to both. Western observers say that enhancing the rule of law will allow states to move beyond the first stage of political and economic reform to consolidate both democracy and market economics.

Since the early 1980s dozens of countries in different regions have experienced political openings, held reasonably free and fair elections, and established the basic institutions of democracy. Some, however, particularly in Latin America and parts of the former Soviet Union, Eastern Europe, and Asia, are struggling with poorly performing institutions, citizens' low regard for governments, and the challenge

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of going beyond mere democratic processes to genuinely democratic values and practices. Other countries, in sub-Saharan Africa, Central Asia, and elsewhere, are not just stagnating but slipping backward as newly elected leaders fall into old authoritarian habits. For states grappling with democratic consolidation, fortifying usually weak rule of law appears to be a way of pushing patronage-ridden government institutions to better performance, reining in elected but still only haphazardly law-abiding politicians, and curbing the continued violation of human rights that has characterized many new democracies. For backsliding systems, strengthening the rule of law seems an appealing bulwark against creeping authoritarianism and the ever-present threat of a sabotage of constitutional order.

Western policymakers have seized on the rule of law as an elixir for countries in transition.

Many attempted economic transitions are at a similar dip in the road. Reform-oriented governments that have made it through the initial phase of economic liberalization and fiscal stabilization are now pausing before the second, deeper transitional phase, licking their political wounds and hoping for patience on the part of often unpersuaded citizens. As Moisés Naím has pointed out, the first phase of market reform turns on large-scale policy decisions by a small band of top officials. The second phase involves building institutions, such as tax agencies, customs services, and antitrust agencies, and the general amelioration of governance. Strengthening the rule of law is integral to this phase.

The challenges of the second phase are felt not only in Latin America and the former communist states, but also in Asian countries that have made considerable economic progress without the benefit of a strong rule of law. As Asia's recent financial woes highlight, if countries such as Indonesia, Thailand, and Malaysia are to move beyond their impressive first generation of economic progress, they will require better bank regulation and greater government accountability. More generally, economic globalization is feeding the rule-of-law imperative by putting pressure on governments to offer the stability, transparency, and accountability that international investors demand.

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Shoring up the rule of law also helps temper two severe problems—corruption and crime—that are common to many transitional countries, embittering citizens and clouding reform efforts. Debate continues over whether corruption in government has actually increased in transitional societies or whether greater openness, especially in the media, has merely exposed what was already there. Skyrocketing street crime and civil violence are another unfortunate hallmark of many democratizing societies, from Russia to South Africa to Guatemala. Crime erodes public support for democracy and hurts the economy by scaring off foreign investors and interfering with the flow of ideas, goods, and people. Reform-oriented governments around the world are now adding crime and corruption reduction to their agenda for deepening reform. Rule-of-law development is an obvious place to begin.

For these reasons—political, economic, and social—Western policymakers and commentators have seized on the rule of law as an elixir for countries in transition. It promises to remove all the chief obstacles on the path to democracy and market economics. Its universal quality adds to its appeal. Despite the close ties of the rule of law to democracy and capitalism, it stands apart as a nonideological, even technical, solution. In many countries, people still argue over the appropriateness of various models of democracy or capitalism. But hardly anyone these days will admit to being against the idea of law.

THE REFORM MENU

ALTHOUGH ITS wonderworking abilities have been exaggerated, the desirability of the rule of law is clear. The question is where to start. The usual way of categorizing rule-of-law reforms is by subject matter—commercial law, criminal law, administrative law, and the like. An alternate method focuses on the depth of reform, with three basic categories. Type one reform concentrates on the laws themselves: revising laws or whole codes to weed out antiquated provisions. Often the economic domain is the focus, with the drafting or redrafting of laws on bankruptcy, corporate governance, taxation, intellectual property, and financial markets. Another focus is criminal law, including expanding the protection of basic rights in criminal procedure codes, modifying criminal statutes to cover new

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problems such as money laundering and electronic-transfer fraud, and revising the regulation of police.

Type two reform is the strengthening of law-related institutions, usually to make them more competent, efficient, and accountable. Training and salaries for judges and court staff are increased, and the dissemination of judicial decisions improved. Reform efforts target the police, prosecutors, public defenders, and prisons. Efforts to toughen ethics codes and professional standards for lawyers, revitalize legal education, broaden access to courts, and establish alternative dispute resolution mechanisms figure in many reform packages. Other common reforms include strengthening legislatures, tax administrations, and local governments.

Type three reforms aim at the deeper goal of increasing government's compliance with law. A key step is achieving genuine judicial independence. Some of the above measures foster this goal, especially better salaries and revised selection procedures for judges. But the most crucial changes lie elsewhere. Above all, government officials must refrain from interfering with judicial decision-making and accept the judiciary as an independent authority. They must give up the habit of placing themselves above the law. Institutional reforms can help by clarifying regulations, making public service more of a meritocracy, and mandating transparency and other means of increasing accountability. The success of type three reform, however, depends less on technical or institutional measures than on enlightened leadership and sweeping changes in the values and attitudes of those in power. Although much of the impetus must come from the top, nonstate activities such as citizen-driven human rights and anti-corruption campaigns can do much to help.

THE GLOBAL PICTURE

PROBABLY THE most active region for rule-of-law reform has been Eastern Europe. Since 1989, most Eastern European societies have taken significant steps to de-Sovietize and broadly reform their legal systems. They have rewritten constitutions and laws and initiated key changes in their legal institutions. Many government officials have begun accepting the law's authority and respecting judicial

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independence. The Czech Republic, for example, has made major progress on judicial independence, and Hungary has recently launched a comprehensive judicial reform package. Thorough institutional reforms, however, are taking longer than many hoped, and some countries are falling short. The leaders of Croatia and Serbia continue to trample basic rights, and Slovak government institutions show contempt for the Constitutional Court's rulings. Nonetheless, the overall picture in the region has encouraging elements.

Latin America also presents a positive, if mixed, profile. Since the early 1980s constitutionally based, elected governments have been established almost everywhere in the region. Most Latin American governments have acknowledged the need for rule-of-law reform and are taking steps toward it, or at least proclaiming that they will. But judicial and police reform has run into walls of bureaucratic indifference and entrenched interests. A few countries, notably Chile and Costa Rica, have made progress, while others, such as El Salvador and Guatemala, may only now be getting serious about it. The will to reform has been lacking, however, in Argentina and Mexico, which have the necessary human and technical resources but whose political and economic development are being hampered by their weak rule of law.

Many Asian governments have begun to modify laws and legal institutions, primarily related to commercial affairs. This is the project of countries seeking to consolidate and advance economic progress, such as Malaysia, Taiwan, South Korea, and even China, as well as those hoping to get on the train, such as Vietnam. These reforms generally stop short of subordinating government's power to the law and are better understood as efforts to achieve rule *by* law than the rule of law. South Korea is almost alone in taking these efforts beyond the commercial domain and seriously attacking government impunity and corruption, as evidenced by the recent conviction of former South Korean Presidents Chun Doo-hwan and Roh Tae-woo on corruption charges. The Asian financial crisis highlighted the failure of the region's various rule-of-law reforms to bring transparency and accountability to the dealings of the ingrown circles of privileged bankers, businessmen, and politicians. Pressure for more reform, both from within Asia and from the international financial community, is growing.

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The situation in the former Soviet Union is discouraging. Although the Baltic states have made major strides in depoliticizing and revitalizing their judicial systems, few other post-Soviet states have achieved much beyond limited reforms in narrow areas of commercial law. Their legal institutions have shed few of their Soviet habits and remain ineffective, politically subordinated, and corrupt. Russia's difficulties in achieving the rule of law are the weakest link in the post-communist transformation of Russian society. The government has attempted a number of reform initiatives, including the drafting of new civil and criminal codes. These have been neutralized, however, by the ruling elite's tendency to act extralegally and by the new private sector's troubling lawlessness.

The Asian debt crisis exposed the failure of rule-of-law reforms.

Although more than 30 sub-Saharan African countries have attempted political and economic transitions since 1990, rule-of-law reform is still scarce on the continent. The issue is coming to the fore in both those countries attempting to move halting transitions along and those hoping that "transitional justice" mechanisms such as truth commissions and war crimes tribunals can help overcome the bitter legacy of the past. By far the most positive case is South Africa, where a far-reaching program to transform the administration of justice is under way. In at least a few other countries, including Botswana, Tanzania, and Uganda, less dramatic but still important progress has been made toward the reform of laws and law-related institutions, including the modernization of some commercial laws and stronger support for the judiciary. But in many countries of the region, the legal systems remain captive of the powers that be.

The Middle East shows the least legal reform activity of any region. Some Arab countries, among them Jordan, Lebanon, and Kuwait, are at least attempting reform in the commercial domain, such as in the mechanisms necessary to establish stock markets or otherwise attract foreign investment. Institutional change is more sporadic, ranging from the surprisingly bold reform plans announced by the government of Oman to Egypt's judicial reforms, whose seriousness is still unclear.

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Rule-of-law reform is at least a stated goal of many countries. Globally there has been a great deal of legal reform related to economic modernization and a moderate amount of law-related institutional reform, but little deep reform of the higher levels of government. Around the world, the movement toward rule of law is broad but shallow.

LEGAL AID

MOST GOVERNMENTS attempting rule-of-law reform are not doing so on their own. Assistance in this field has mushroomed in recent years, becoming a major category of international aid. With a mix of altruism and self-interest, many Western countries have rushed to help governments in Eastern Europe and the former Soviet Union carry out legal and institutional reforms. Russia's legal and judicial reforms, for example, have been supported by a variety of U.S. assistance projects, extensive German aid, a $58 million World Bank loan, and numerous smaller World Bank and European Bank for Reconstruction and Development initiatives, as well as many efforts sponsored by Great Britain, the Netherlands, Denmark, and the European Union. Asia and Latin America are also major recipients of rule-of-law aid, with a focus on commercial law in Asia and on criminal and commercial law in Latin America. Africa and the Middle East have received less attention, reflecting the smaller degree of reform that countries there have undertaken.

A host of U.S. agencies underwrite such aid, including the U.S. Agency for International Development, the Justice and Commerce Departments, and the Securities and Exchange Commission. Coordination is poor and turf battles are common. The rapid expansion of American rule-of-law aid exemplifies the only partially successful U.S. response to the challenges of the post–Cold War era. Many programs have sprung up to address these emerging issues, but officials have done far too little to ensure that they are well designed, consistent, and coherent.

Almost every major bilateral donor, a wide range of multilateral organizations—especially development banks—and countless foundations, universities, and human rights groups are getting into the act. In most countries, U.S. rule-of-law assistance is a small part of the aid pool, although Americans frequently assume it is of paramount

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importance. They mistakenly believe that rule-of-law promotion is their special province, although they are not alone in that. German and French jurists also tend to view their country as the keeper of the flame of civil code reform. British lawyers and judges point to the distinguished history of the British approach. Transitional countries are bombarded with fervent but contradictory advice on judicial and legal reform.

Donors sometimes determine rule-of-law reform priorities. Enormous amounts of aid are granted for writing or rewriting laws, especially commercial laws. Hordes of Western consultants descend on transitional societies with Western legal models in their briefcases. Judicial training courses run by Western groups have become a cottage industry, as have seminars on conflict resolution. Aid providers are expanding their rule-of-law efforts to reach parliaments, executive branch agencies, and local governments. Assistance also extends to civic groups that use law to advance particular interests and nongovernmental organizations that push for reform.

THE NET EFFECT

THE EFFECTS of this burgeoning rule-of-law aid are generally positive, though usually modest. After more than ten years and hundreds of millions of dollars in aid, many judicial systems in Latin America still function poorly. Russia is probably the single largest recipient of such aid, but is not even clearly moving in the right direction. The numerous rule-of-law programs carried out in Cambodia after the 1993 elections failed to create values or structures strong enough to prevent last year's coup. Aid providers have helped rewrite laws around the globe, but they have discovered that the mere enactment of laws accomplishes little without considerable investment in changing the conditions for implementation and enforcement. Many Western advisers involved in rule-of-law assistance are new to the foreign aid world and have not learned that aid must support domestically rooted processes of change, not attempt to artificially reproduce pre-selected results.

Efforts to strengthen basic legal institutions have proven slow and difficult. Training for judges, technical consultancies, and other transfers of expert knowledge make sense on paper but often have only minor impact. The desirability of embracing such values as

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efficiency, transparency, accountability, and honesty seems self-evident to Western aid providers, but for those targeted by training programs, such changes may signal the loss of perquisites and security. Major U.S. judicial reform efforts in Russia, El Salvador, Guatemala, and elsewhere have foundered on the assumption that external aid can substitute for the internal will to reform.

Rule-of-law aid cannot substitute for the internal will to reform.

Rule-of-law aid has been concentrated on more easily attained type one and type two reforms. Thus it has affected the most important elements of the problem least. Helping transitional countries achieve type three reform that brings real change in government obedience to law is the hardest, slowest kind of assistance. It demands powerful tools that aid providers are only beginning to develop, especially activities that help bring pressure on the legal system from the citizenry and support whatever pockets of reform may exist within an otherwise self-interested ruling system. It requires a level of interventionism, political attention, and visibility that many donor governments and organizations cannot or do not wish to apply. Above all, it calls for patient, sustained attention, as breaking down entrenched political interests, transforming values, and generating enlightened, consistent leadership will take generations.

The experience to date with rule-of-law-aid suggests that it is best to proceed with caution. The widespread embrace of the rule of law imperative is heartening, but it represents only the first step for most transitional countries on what will be a long and rocky road. Although the United States and other Western countries can and should foster the rule of law, even large amounts of aid will not bring rapid or decisive results. Thus, it is good that President Ernesto Zedillo of Mexico has made rule-of-law development one of the central goals of his presidency, but the pursuit of that goal is certain to be slow and difficult, as highlighted by the recent massacre in the south of the country. Judging from the experience of other Latin American countries, U.S. efforts to lighten Mexico's burden will at best be of secondary importance. Similarly, Wild West capitalism in Russia should not be thought of as a brief transitional phase. The deep shortcomings of the rule of law in Russia will take decades to fix. The Asian financial crisis

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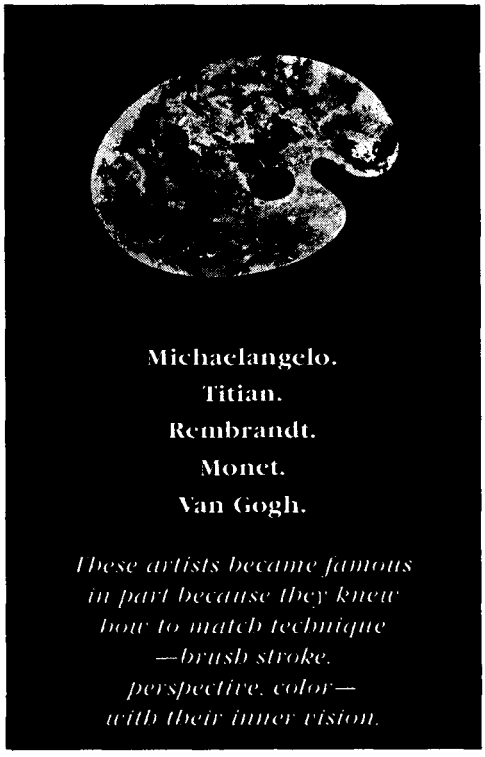
has shown observers that without the rule of law the Asian miracle economies are unstable. Although that realization was abrupt, remedying the situation will be a long-term enterprise.

These lessons are of particular importance concerning China, where some U.S. policymakers and commentators have begun pinning hope on the idea that promoting the rule of law will allow the United States to support positive economic and political change without taking a confrontational approach on human rights issues. But China's own efforts to reform its law are almost 20 years old and have moved slowly, especially outside the economic domain. Statements by U.S. officials and increased flows of rule-of-law assistance are unlikely to speed up the process, judging from the rule-of-law programs that have been operating in China for years. Rule-of-law promotion should be part of U.S. policy toward China, but it will not increase U.S. influence over that country. Nor will it miraculously eliminate the hard choices between ideals and interests that have plagued America's foreign policy for more than two centuries.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The Remaking of Eurasia

Valery V. Tsepkalo

FILLING THE POST-SOVIET VACUUM

RUSSIA'S POST-SOVIET orientation toward Europe and the West is in serious trouble. Western leaders' decision to expand NATO eastward without taking Moscow's objections into account has sidelined Russia on matters that affect its strategic interests. Fellow former Soviet republics seeking Western investment and sponsorship have spoken out against Russia in international forums; within the country, some groups even feel they must leave the Russian Federation to gain Western favor. Since nobody wants powerful neighbors, even when they are not hostile, the Western powers have been the natural allies of all who would break with Moscow. The West does not want to see any structure in Eurasia that permits Russian hegemony.

But abetting the continuing destabilization of Eurasia is not in the West's interests. NATO enlargement has not consolidated anti-Western forces in the region, as some Western experts had feared, but it has encouraged the division of Eurasia and the shattering of the Russian Federation. There will likely be further attempts at secession, although not necessarily according to the bloody model of Chechnya. Central Asia and the Caucasus are rife with flash points that could ignite several nations and draw in outside powers. And with regional destabilization and the slackening of central control, the nuclear threat is perhaps greater now than during the Cold War.

If current trends continue, Russia's clout in Eurasia will further dwindle and that of Western powers and Western-dominated international organizations will grow. The United States, however, will be

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unable to maintain control of the process. Western allies like Germany, Japan, and Turkey will adopt independent policies in the region. The jockeying of Western interests will exacerbate tensions between and within countries. And the West will confront the increasing power of China and, to a lesser extent, Iran, which will make extending Western influence beyond the Urals impossible. Eurasia will rapidly become a less predictable and more dangerous place.

There is an alternative. The United States could begin supporting integration in the territory of the former Soviet Union rather than the forces that divide the region. This would limit Chinese and Iranian maneuvering, introduce economic and strategic equilibrium, and improve America's relations with Russia. At the same time, Russia, along with the smaller countries of central and eastern Eurasia, must work to develop values capable of uniting disparate elements within states and drawing the broader region together into a more stable system. A tour d'horizon of Eurasia provides abundant evidence of the costs of the current course of disintegration and drift.

BREAKING UP IS HARD TO DO

THE SOVIET UNION became vulnerable to internal fragmentation and external manipulation less because of its economic troubles than because it was a troubled society. After the sacrifices Soviet workers made in the early years of communism, several generations of Soviet leaders wielded power and reaped the benefits with a cynical disregard for the communist project. People lost faith in the collectivist ideal and Russia's historic path, and communism became loathsome in the eyes of many. The ruling hierarchy weakened, and Moscow's partners in the Warsaw Pact and the Council of Mutual Economic Assistance turned away. In the end the Russians dismantled their own empire with barely a shot fired. Now Russia is sick with self-doubt and has become an international loner. Nor do Russia's current "democracy" and Western-style consumerism, divorced from the Protestant ethic that sustains them in the West, constitute a value system that can unify and inspire. The problem is not that Soviet values have been jettisoned but that there is nothing to replace them.

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Russia actively contributed to the fragmentation of Eurasia. Its secession from the Soviet Union—for so its role in the 1991 treaty creating the Commonwealth of Independent States can be regarded—resulted not only in the breakup of the U.S.S.R. but in enduring disputes between neighbors. Many felt that Russia had abandoned the union and was unmoved by the plight of fellow Russians left outside the borders of the Russian Federation. Moreover, Moscow arbitrarily began to refuse support to established allies, including both political forces in the former Soviet republics and whole foreign countries, that did not meet the new standards it had set for itself. Moscow's verbal attacks on neighboring peoples, its attempts to teach everyone else how to pursue political and economic reform, and its deprecatory attitude toward other CIS leaders combined to sour relations between what not long ago had been parts of the same country.

Of the former republics, Ukraine and Belarus have the strongest cultural affinities and some of the closest historical ties with Russia, but that has hardly forestalled disputes between them since the dissolution of the union. In fact, Russia's bitterest conflict with a former republic is with Ukraine over the naval base at Sevastopol and the Black Sea fleet, which has driven a political and psychological wedge between Russians and Ukrainians. The strategic significance of the fleet cannot compare with the damage the running dispute has done to relations between the two states and peoples. When Russia lost Ukraine, it should have thought not about breaking off relations but about learning to coexist and finding ways of building a strategic partnership. Both the fleet and Sevastopol could, under certain circumstances, serve to bring the two countries together rather than divide them if national interests were less narrowly conceived.

Russia, as the only possible core of integration, behaves as if it does not need integration very much—or at all. It competes childishly with other republics in signing bilateral political and economic agreements, boasting that it signed, say, an agreement with NATO or the International Monetary Fund before Ukraine or Uzbekistan. Moscow changes tariffs and regulations without the necessary coordination with other Customs Union Treaty members. Russia even sometimes deprecates those countries and peoples that gravitate most toward it, such as Belarus. Talk of integration has remained mostly talk. The

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CIS, for its part, does little beyond bringing leaders from 12 of the former republics together to talk. Of the more than 700 agreements reached within the CIS framework, none seems to work.

Within its own borders, in the separatist republic of Chechnya, Russia has also followed a foolishly destabilizing course, justified by its purportedly democratic standards. In 1993 the Kremlin dropped its support for a long-time ally, Doku Zavgayev, the former leader of the Chechen-Ingush Supreme Soviet. Zavgayev was not, admittedly, a democrat, since he understood only too well the chaotic consequences for Chechnya of Moscow-style democratization, but he was no dictator either. Instead, Moscow backed General Dzhokhar Dudayev in his struggle for power. This led to Russia's inept invasion in December 1994, more than a year of fighting, and a series of shaky peace agreements, all of which have undermined the Russian Federation.

As Russia broke up the Soviet Union, it soured its relations with the union's former republics and stopped treating many non-Russian peoples in its territory with dignity. Thus the central government incessantly duels with Tatarstan over tax revenues. Ingushetia and the Primorsky (Far Eastern) regions have demanded greater autonomy. North Caucasia, the Volga Basin, and the Siberian republics speak of secession. Tatarstan wants to sell oil independently on world markets and is building, with German help, its own tanker fleet. Talk of a Rus Republic that would include only predominantly ethnic Russian areas is fashionable. The Russian parliament held two hearings last year at which self-determination for ethnic Russian and Muslim Turkic populations was discussed, raising the possibility of the secession of ethnic Russian areas from the Russian Federation, a process that would break up Russia itself in the same manner as the Soviet Union. The very mention of such a scenario proves that the Russian elite has forgotten how to coexist with other peoples and ethnic groups.

THE POWER NEXT DOOR

RUSSIAN WEAKNESS has already allowed some newly independent states to slip into the zone of Chinese influence. Kazakstan and Kyrgyzstan, larger geographically than three Germanys and two Frances combined, but with only 20 million unevenly distributed

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and partly nomadic people, worry about China's burgeoning power and population to the east. President Nursultan Nazarbayev has moved Kazakstan's capital away from the Chinese border, from Almaty to the north-central city of Akmola.

Although they fret about China's regional ambitions, Kazakstan and Kyrgyzstan look to the People's Republic as an economic role model. China has not only avoided a Soviet-style collapse but has found its own path to modernization. The return of Hong Kong last year will add to China's economic might. In several Central Asian republics, China's growing strength could mean a return to power of communist parties, but ones whose economic ideas are closer to China's than the Soviet Union's or present-day Russia's.

Russia has soured its relations with the old Soviet republics.

Economics and demographics may well determine developments in the region. Russia's Far East and Siberia are dying. Only 24 million people live in the two regions, which comprise 60 percent of the territory of the Russian Federation, and the population is falling. The region's huge enterprises, symbols of bygone industrial power, are no longer competitive, and it is too late for them to modernize. Poor transportation and communications and high energy prices and railroad tariffs help make for a considerably worse economic situation than elsewhere in Russia. Across the border in rapidly developing China, demographic pressures and the strain on resources are astounding and will only increase. China's current population is 1.26 billion, and the annual number of births is triple that of Europe and Russia combined. In recent years, China, 80 percent of whose power comes from coal, has developed a serious energy shortage. Coincidentally, 80 percent of the world's known coal deposits are in Russia's Siberia and Far East. Siberia also has enormous manganese and iron ore deposits and vast forests. All these resources are virtually useless to Russia at present because people are needed to exploit them and people are in short supply in Siberia. But in China they are not.

Traditional Western analyses of the Soviet Union assumed Chinese economic weakness and the West's maintenance of its competitive edge, in spite of China's demographic advantage. But with the collapse of the Soviet Union and the state of the Russian economy, little

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prevents China from gaining economic and political dominance in Eurasia, including the Far East.

THE ANXIETY OF INFLUENCE

CHINA'S RISE will throw its traditional rivalry with Japan into sharp focus. The global standing and influence Japan has worked so hard to achieve could slip away all too quickly if not safeguarded. Since Japan is militarily weak, to counter Chinese power it will have to strengthen its armed forces dramatically and risk implementing a more independent and assertive foreign policy in the Far East. The former is already under way. According to the International Institute of Strategic Studies, Japan increased its defense budget from $29 billion in 1985 to $50 billion in 1995, lifting it to third in the world in military spending. The unpredictable consequences of the buildup and a newly tough foreign policy could lead to confrontation with China and others.

If Russia's Far Eastern regions gain more autonomy, Japan will have a real opportunity to regain four of the Kuril Islands (annexed by the Soviet Union after World War II), dominate the economy of neighboring Sakhalin Island, and operate more freely in the Far Eastern seas. If that happened, the Sea of Okhotsk would cease to be an internal Russian sea, thus losing its strategic significance, and all difficulties with Japanese fishing rights would be resolved within a 200-mile-wide zone. Japan will likely be able to expand its territory considerably in return for promises of investment in Russia. The Kuril governor has already declared that the islands are ready to hold a referendum on annexation to Japan. Such territorial growth, along with an economically and militarily ascendant China, is likely to urge Japan to become a strong, independent player in the region.

The United States will gradually lose influence in the Pacific if it permits a Japanese or Chinese buildup in the political vacuum of the Russian Far East. Washington could return to splendid isolation or, more likely, maintain its influence in the region by keeping its forces in Asia for some time, steering an at least ostensibly neutral course between China and Japan. Alternatively, it could strengthen Russian and Indian influence to keep Japan and especially China from becoming too powerful.

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But Russia would require much strengthening. Its 13,000 miles of border are difficult to secure, particularly in the frozen Far East. Conditions in Russia's once-mighty military are, as Prime Minister Viktor Chernomyrdin put it, "outrageous." Soldiers and sailors in some regions are literally starving, corruption is rife, 60 percent of equipment is not battle-ready, and discipline and morale are extremely low. The Soviet Union was far more economically developed than China, but Russia has lost much ground recently and is by no means as dynamic; raw materials now account for 90 percent of its exports. It ranks far behind Japan, even with the current recession there. Meanwhile, China continues with its wise economic reforms, sometimes making use of Soviet advances that go unexploited in the Russia of today. Spiritually, Russia is in no way capable of competing with China and Japan, which have preserved traditional systems of religious and cultural values.

GERMANY AND EASTERN EUROPE

THE ABSENCE of integration will also be felt further to the west. As the cultural and economic leader of an integrating Europe, reunified Germany will demand a more active role in European and world affairs. But since the burden of its history will not allow it to be assertive for some time yet, it will proceed through the instruments of international law and its own careful brand of diplomacy.

Germany has assiduously built on its already good relationships with Eastern European countries and the former Soviet republics without setting any political, humanitarian, or other conditions. German trade with and investment in the Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Ukraine, and Belarus are comparable to those countries' total combined trade and investment with other European countries and the United States. Britain and, to a lesser extent, the United States have made determined efforts to increase their trade and influence in Eastern Europe—Poland in particular—to counter German dominance in the region.

The three new NATO member-designates, especially the Czech Republic and Hungary, gravitate toward and will be clients of Germany rather than the United States. Germans find themselves in the extremely

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comfortable position of expressing sympathy for Russia and pretending they were not privy to the U.S. decision to enlarge NATO while watching the huge American effort broaden the German sphere of influence and bring the United States nothing but bills. Germany is likely to project its policy in the east in the medium term, probably by using the European Union (EU) and the Western European Union in specific regional conflicts.

THE TURKISH OPTION

THE TURKISH factor is as significant in the south as the German factor is in Europe. In past centuries, Turkey, as the center of the Ottoman Empire, dominated the Balkans and southeastern Europe, the Middle East, and North Africa and was also a power in the Caucasus. Now, because of its relative economic success, it is in a position to extend its influence to the areas of Central Asia and the Volga basin mainly populated by Turkic peoples, including the former Soviet republics of Azerbaijan, Kazakstan, Uzbekistan, and Kyrgyzstan, as well as Tatarstan and Bashkiria, part of the Russian Federation. Its potential should not be overestimated, however. Turkey's military capabilities are limited, although its membership in NATO adds some political weight in the Black Sea basin and the Caucasus. Problems with the Kurds, Greece, and Cyprus will continue to divert Ankara's attention from its ambitious plans for the southern flank of the former U.S.S.R. It remains to be seen what effect the European Union's recent rejection of Turkey's bid for membership will have.

Turkey is capable of playing an independent role in the Caucasus and Central Asia, but it must offer a clear alternative to the West. Eurasia's Muslim Turkic peoples, somewhat disappointed in Western values, are turning to the traditional values of Islam. Chechnya, for example, has introduced Islamic courts and public executions, and all of Central Asia is seeing rapid growth in the membership and influence of the Wahhabis, a Muslim sect. Turkey's new mission would demand its liberation from the Western political, social, and cultural values of many of its elite and reanimation of the idea of the pan-Turkic state. The 1996 election of Islamist Welfare Party leader Necmettin Erbakan as prime minister signaled that Turkey is breaking

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away from the West, a geopolitical shift that continues even though the army forced Erbakan to step down last year. Erbakan has called for the creation of an Islamic NATO and United Nations, the introduction of an "Islamic dinar," and the "liberation of Azerbaijan, Chechnya, and Bosnia." Turkey is likely to remain partially secular, however, and will remain more attractive than fundamentalist Iran to the less observant non-Shiite Muslim peoples of the former Soviet Union.

In Central Asia, Turkey has forged strong economic and cultural bonds. It has provided $80 million in humanitarian aid and opened a credit line of some $700 million to countries of the region. It is involved in 100 joint ventures in Kazakstan and 22 in Kyrgyzstan in energy, construction, mining, and sea cargo shipping. Turkey has also opened cultural centers and Turkic schools in practically all the Central Asian states. When the Soviet collapse left a power vacuum in the Caucasus, once in Turkey's sphere of influence, the government in Ankara began moving in; for instance, it invited former Chechen President Dudayev to visit in October 1993, and then invited him for a second visit over strong Russian protests.

HARD AND SOFT INTEGRATION

EITHER THE disintegration in Russia will continue or a new system of values will emerge to unite the nations of Eurasia. If Russia manages to develop a new national idea capable of bringing together its people and urging it to leadership, and again displays an inclination for integrating Eurasia, there are two possible scenarios: "hard" and "soft" integration.

If the West does not support integration, Russia will implement a hard-line policy of "land collection" on its southern and western flanks. It will also adopt a confrontational attitude toward Western nations and probably China; Moscow will again begin supporting any state that opposes U.S. interests. It will likely start with Muslim nations like Iran, Iraq, and Libya and groups like the Palestine Liberation Organization, Hamas, and the Muslim Brotherhood, as well as Cuba and North Korea. The weakness of Russia's conventional forces will probably lead it to rely on veiled threats of nuclear blackmail, using the above countries and groups, among others. Such a policy will allow

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Moscow back into the negotiation process in the Middle East and on the Korean peninsula, marking its return to serious international policymaking. It would also mobilize and unite Islamic elements in Russia and the CIS, cutting the ground out from under Muslim separatists by casting Russia as the ally and friend of Islam. At one stroke, it would counter both the West and China, which is dealing with Muslim unrest of its own in Xinjiang province and elsewhere.

Outside Russia, where there is still popular support for the traditional Russian and Soviet state, the idea of reintegration has strong appeal. Fierce political rivalry in a number of the former Soviet republics has pushed opposition forces and clans toward alliances with Russia. A policy of hard integration by the Kremlin could allow it to regain some control in several troubled states.

The other form Eurasian integration could take is that of a gradual movement toward union, as in the EU. The CIS, headed by a practically powerless executive secretariat, cannot be called an operating structure for integration. The customs union—consisting of Russia, Belarus, Kazakstan, and Kyrgyzstan—functions, at best, as a free trade zone. The April 1997 Treaty on the Union of Belarus and Russia, however, is a step in the direction of real integration. The agreement's soft brand of integration has a tremendous political advantage over a more rigid formula for unification with or entry into the Russian Federation; Belarusan sovereignty is not diminished, and Russia is not laden with economic burdens it cannot afford to bear.

Such integration could be palatable to both the United States and Europe, which could provide moral support and expert assistance in setting up efficient structures of interstate cooperation in the areas of ecology, export control, nonproliferation, communications, and transportation. The United States did the same for Europe in the aftermath of World War II with the Marshall Plan and the creation of the European Economic Community. America understood then that it was setting up a major competitor, but it put international peace and security before its own ambitions. And indeed, the policy has achieved that and more. A similar policy in central Eurasia would involve at the outset U.S. encouragement of a quick settlement of conflicts between Armenia and Azerbaijan in Nagorno-Karabakh and in Moldova's Trans-Dniester region, in

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the breakaway Abkhaz state in Georgia, in Tajikistan, and in other areas of the former Soviet Union.

A SHARED DESTINY WITH UKRAINE

RELATIONS BETWEEN Ukraine and Russia will not only determine the destiny of other newly independent states but will show whether reintegration in central Eurasia is a serious possibility. Ukraine is hardly the monolithic entity Westerners believe it to be. The Ukrainian people may have an independent history, but the territory does not, having been partitioned and divided up both by others and by its own people, changing rulers many times over the centuries. The present-day capital of Kiev was from the ninth through the twelfth centuries the capital of Kievan Rus, the forerunner of the Russian state. Intermarriage has made it impossible to draw a sharp line between ethnic Ukrainians and ethnic Russians. There have been no serious conflicts between the two peoples. Any friction was mainly of a social and not a national character; moreover, the two have often joined in wars against outsiders. Today Ukrainians differ on whether they should build a separate state or work toward union with Russia. As one goes from west to east, opinion moves from strong support for independence to cultural identification with and economic inclination toward Russia. This split national consciousness makes the search for a national identity rocky.

Moscow must jettison the primitive Russian nationalism it has been displaying and reestablish relations with its large neighbor to the west on firmer ground. The material incentive is powerful. Russian-Ukrainian trade and other economic cooperation could help stabilize and revive both economies. The mutual dependence of the republics is still high after the breakup of the Soviet Union and its integrated economy. The closing of enterprises in Ukraine is painful for Russian industry and vice versa. Receiving the same amount of Western assistance it is currently getting, Ukraine would require 10 or 15 years of development to bring it up to the level of Portugal or Greece. Without the Russian connection, it will suffer constant political turmoil, especially in the industrial regions of the east and south.

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BETTER BALANCED BALTICS

REINTEGRATION SHOULD also take the Baltic states into account. The Baltics are strategically important to Russia as the keys to its access to the Gulf of Finland and the Baltic Sea from the enclave of Kaliningrad. After 50 years under Soviet control, Lithuania, Latvia, and Estonia want to become members of NATO. But the West, realizing their admission could start a new Cold War with Russia, has been reluctant to make the Baltics too many promises.

The Baltics have known only a few decades of sovereignty, in the 1920s and 1930s and again in the 1990s. A large portion of Lithuanian, Latvian, and Estonian society rushed into politics in the 1990s with the aim of ensuring the independence of their states. One of their main techniques was the exclusion of their large Slavic, Russian-speaking populations from politics. That avenue blocked, ethnic Russians turned their energies to business, until practically all enterprises there were in their hands.

Estonia and Latvia are the only countries in Europe where whole ethnic groups are denied citizenship and civil rights. Maintaining discrimination against the 700,000 ethnic Russians in Latvia and the 300,000 in Estonia will only increase their economic power and the political pressure for change, but abolishing discrimination, in combination with the financial clout they already possess, will lead to rapid political gains for them. Ethnic Russians could change the foreign policy orientation of the Baltic countries—the more so as relations among the three states are far from ideal. From a distance they may appear to agree on all major international issues, but they detain each other's ships and quarrel regularly over mining on the continental shelf because of disputes over the demarcation of their international waters and even the common use of airspace. Former Latvian Prime Minister Andris Škéle said that Lithuania did not have a single serious politician with whom it was possible to work.

Therefore the Baltic countries will soon see the emergence of strong political forces promoting rapprochement with the CIS states. Eventually economic necessity and demands for social justice will push Baltic elites toward balanced relations with the West and the

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East that will presuppose the political neutrality of the Baltics and their deep involvement in the economic life of Belarus and Russia.

CENTRAL ASIAN FLASH POINTS

THE PERILS of the post-Soviet vacuum are starkly visible in Central Asia. The region enjoyed a long period of stability under Soviet rule, but the demise of the U.S.S.R. has left an agglomeration of territories in which the various peoples' overriding ethnic attachments make the five new countries vulnerable to both internal conflict and meddling by outsiders. Resurgent religion has also become a divisive force. Attempts by Iran, Turkey, Pakistan, Afghanistan, the United States, and China to influence events only upset the balance between clans and increase the chances of conflict. Conversely, intrastate conflict and ethnic wars have the potential to drag in outside states.

Developments in neighboring Afghanistan, torn by a century of civil strife, may have particularly powerful reverberations. So long as former President Mohammad Rabbani and Ahmad Shah Massoud, relying mainly on ethnic Tajiks, and General Abdul Rashid Dostam, an Uzbek, held the northern part of the country, with Russian border guards protecting the frontier with Tajikistan and neutralizing the Tajik opposition, the situation in the region was unhappy but predictable. But when the militant theology students of the Taliban, backed by Muslim fundamentalists from Pakistan, overthrew Dostam, panic broke out in both Central Asia and Russia. Then the Taliban were driven out of the north, and everyone calmed down a bit. But Afghan politics is an unpredictable seesaw. If the Taliban find an ally among the other armed Afghan groups and Russia further reduces its presence in the region, zealous and battle-hardened Taliban troops could invade Tajikistan or Uzbekistan. Worse, the Taliban could reach an agreement with Tajikistan's opposition Islamic Renaissance Party. Then Uzbekistan, with its historic Tajik centers of Bukhara and Samarkand, would be in danger. If peace agreements for Tajikistan are implemented and the Islamic Renaissance Party gains power there, the Afghan-Tajik border will become more porous, since the party still has bases and allies in Afghanistan. In that situation, Russian border guards could be forced to leave, opening

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a direct route from Afghanistan to Europe. It may well be that silk will not be the only commodity to travel along this route.

Beyond the risk in one or more of the region's countries of a redistribution of power with foreign armed support is the danger of ethnic warfare within a country or across a border. Afghans and Tajiks are members of the Iranian ethnic group, while Uzbeks, Turkmens, and Kazaks are Turkic peoples. To a large extent, this distinction was behind the civil wars in Afghanistan and Tajikistan, and it could be a problem in Uzbekistan. Iran or Turkey could well become involved. Violent conflicts are possible between Kyrgyz and Uzbeks—indeed, they have already

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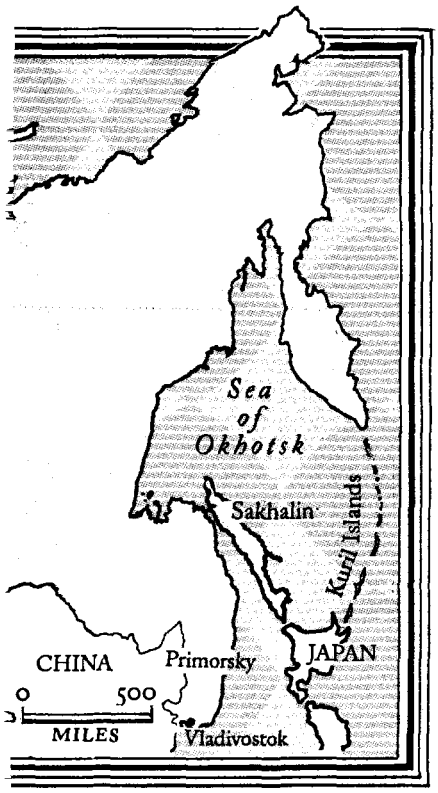

developed in Uzbekistan's Fergana Valley, where radical Islamist sentiment is strong—as well as between various Muslim movements, orders, and sects.

In Kazakstan, half the population is non-Kazak, mainly ethnic Russian, especially in the northern and eastern regions adjacent to the Russian Federation, and there has been talk of secession and of union with Russia. Moreover, any of the country's three largest rival clans or one of the political associations or coalitions, such as the Communist Party or the Republican Strike Committee, could challenge Kazak President Nursultan Nazarbayev, who is not as securely in power as he seems, and initiate large-scale unrest. Supporters of communist China inside Kazakstan among the millions of members of the Uigur and Kazak clans further complicate matters.

The political fate of Kyrgyzstan is tied to that of ethnically and culturally close Kazakstan, which dwarfs its neighbor in size, population, and resources. Kyrgyzstan's central government may lose control of the mountainous Tien Shan region in the south to the powerful clans there. The weakness of the armed forces under President Askar Akayev as well as accusations of corruption and nepotism at the highest levels have led to threats of intervention by both Islamist populists and the leftist supporters of a restoration of the Soviet order. Kyrgyzstan may not escape a variant of the scenario in Tajikistan.

Despite the December 1996 peace agreement in its civil war, Tajikistan could still see a complex, endless armed struggle similar to that in Afghanistan. If the Taliban seize and consolidate power in northern Afghanistan, the victory of the Islamic Renaissance Party will become likely in Tajikistan, which could encourage the republic's disintegration. Clashes are likely to extend to adjacent regions of Uzbekistan with substantial Tajik populations as well as to some parts of the Fergana Valley. On the other hand, implementation of the Tajik peace accord followed by the return of

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the radical Tajik Muslim opposition from its wartime base in Afghanistan cannot be ruled out. Thus Central Asia may see its first Islamic republic.

Currently Uzbekistan seems stable, but the stability is illusory. President Islam Karimov is boosted somewhat by his country's industrial potential, oil, gold, and uranium. But while the authorities are keeping the lid on conflict for now, intrigues are brewing. Instability in Tajikistan and the specter of the Taliban, along with the weakness of Uzbekistan's armed forces, may aggravate tensions inside Uzbekistan. Foreign veteran troops would probably have an edge over the Uzbek army, which has more military hardware but no combat experience, and leaders who have been chosen for political reasons. In case of turmoil, Uzbek clans and outside powers could reach a compromise resembling the one at the turn of the century, when the emirate of Bukhara and the khanates of Khiva and Kojand suited everyone for a time, even the Bolsheviks.

Turkmenistan is best considered last since under the firm hand of President Saparmurad Niyazov, "father of the Turkmens," this Central Asian republic has managed to build some sense of national unity based on state capitalism in the economy, social rather than national values in politics, and the idea of transforming the former republic into a Central Asian Kuwait. Niyazov holds relatively balanced views on social and religious matters. In spite of mild Western criticism of his domestic policies—and helped by the nation's oil, its mineral deposits, and its natural gas reserves, which are among the largest in the world—he wields his authority shrewdly, keeping the leading ethno-regional clans content by dividing oil money, projects, and jobs among them. Abroad, he maintains reasonable relations with the Taliban in Afghanistan, and his flexible policy toward the United States, Russia, Turkey, and Iran attracts foreign investment in his country's gas and oil industry. Unfortunately, the construction of strong national identities, which seems to be the route most of the region's leaders are taking, can easily lead to rivalry among nationalities within countries, and possibly to jingoism and friction between countries.

Turkey or Iran could become a stabilizing influence in Central Asia, but their rivalry could prove a negative force. Turkey is striving to establish itself as the chief player in the region. Former Foreign

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Minister Eldar Inonu stated that Ankara wants to institutionalize relations with the Turkic-majority Central Asian republics in a commonwealth. Already Turkey has provided the five republics with more than $80 million in aid and $700 million in credits. Uzbekistan received $54 million in assistance, while the much needier Tajikistan got only $400,000. The rationale is clear—Uzbeks, Turkmens, and Kazaks are Turkic peoples. Tajiks and Afghans, on the other hand, are of Iranian ethnicity—which is why Iran, a regional power with substantial growth potential, can count on expanding its influence in Central Asia.

CAUCASIAN TRADITIONS

As in Central Asia, the Caucasus' emancipation from the status of Russian protectorate will mean a resurgence of influence for both Iran and Turkey. The population of the Caucasus is extremely diverse, and hostile relations between some of its peoples are a centuries-old tradition. In addition, each of its peoples is divided into clans that jockey for power among themselves. Historically, religion was the basis for the differences in the region. The Orthodox Armenians, the Georgians, and the majority of Ossets were Christian, oriented toward the nearby Christian empires of Byzantium and Russia. The peoples of the North Caucasus and what is now Azerbaijan were Muslim and received moral, economic, and military support from either the Ottoman Empire or Persia. Moreover, the relative importance of religion differed in the various cultures. The Georgians were more religiously observant than the Ossets, the Chechens and the Azeris more so than the Dagestanis or the Ingush. Some nationalities held on to their ancestral cults and pagan rituals and professed a Christianity or an Islam that was merely formal.

Conflict in the region is aggravated by Russia's unsuccessful military venture in Chechnya, although Russian troops were subsequently withdrawn. The wars in Nagorno-Karabakh, South Ossetia, Abkhazia, and Chechnya may not be the final chapters in the escalation of conflicts in the Caucasus. The many reasons for division among the Caucasian peoples are precisely why the region needs an external arbiter. The European countries and the United States will not intervene militarily

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in any Caucasian conflict, as the potential for casualties is high in mountain warfare against local militia and troops could not ensure control of territory.

THE BEGINNING OF HISTORY

RESTORING THE Soviet Union to its former self is impossible. Elites, old and new, in the newly independent states are intent on preserving their nations' sovereignty. Every former Soviet republic has held presidential and parliamentary elections and adopted a new constitution. Everywhere the search for a national identity is under way, and people increasingly think of themselves not as Soviet citizens but as Ukrainians, Kazaks, or Azerbaijanis.

The scramble for the spoils of the Soviet heritage could cause serious conflict between major geopolitical players and threaten the very foundations of established security systems. When a tenant in a building falls ill or dies, if the tenants in the other apartments begin knocking down walls to expand their own space, they could end up destroying the entire building. Any "world order" is stable only when everyone knows his place in it and there is sufficient collective and individual power, and the willingness to use it, to maintain the whole. The challenge for Europe and the world in the post-Soviet space is averting further disintegration and keeping disorder and conflict from spilling out of the region and setting the globe ablaze.

It is clearly to the West's advantage to promote certain kinds of regional integration in Eurasia. The rapid rise of any player, especially China or Iran, or a radical Islamic revolution could harm Western interests. Western unity would be shaken if one or more of its own, whether Germany, Turkey, or Japan, tried to secure its own zone of influence. The intervention of NATO forces in future conflicts in the region, probably at the request of the parties involved, could cause further disintegration, perhaps resulting in loss of control over weapons of mass destruction.

The West has levers that it can push to help shape politics in Russia and other CIS states today, including influence over opposition leaders. With NATO expanding to the borders of Russia, Ukraine, and Belarus, and so long as Russia is weakened militarily and increasingly dependent

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on the West economically, Western influence is likely to grow. Economic integration supported by the West would be a powerful stabilizing factor in the region.

Having lost faith in its guiding principles, Russia may descend into chaos and destroy itself, along with the region, unless it discovers new values that can sustain it. Nations, like people, do not live by bread alone, nor by sophisticated weaponry. They need, above all, the spiritual foundation that a great ideal and its related set of values provide. Large states and empires have always been built on an idea; the Monroe Doctrine and U.S. global leadership would not have existed but for the American belief in manifest destiny. The state should deploy such an idea with care, and citizens are right to regard it cautiously. But with its deep emotional appeal, it fires the disparate members of a society to work for the common interest rather than for selfish gain. One need look only at the monumental plants and public works built in the early decades of communism by workers laboring not for wages but for a better future.

Elections have failed to turn Russia into a stable democracy.

What ideal will Russia choose for itself? What course will it take?

The communist ideal can still bring people into the streets, but the current brand of communism has compromised itself and lost its mobilizing character, and it is sapped by squabbling between factions. The monarchical-Orthodox value system harking back to the days of the czars and the Holy Russian Empire—Moscow as the "third Rome"—has the support only of a small group within the intelligentsia. Moreover, traditional religions and cultures can compensate for economic pain, but they tend to divide rather than unite people in countries with mixed heritages. Businesspeople's views are reasonable and intelligent, but being wholly material, they lack the force of a universal idea and so fail to generate much support at election time or any other time. Western democratic ideals have been badly tarnished in Russians' eyes as elections and other trappings of liberal democracy have failed to turn their country into a stable democracy. Instead it is becoming, according to a 1997 report from the Center for Strategic and International Studies in Washington, a "criminal-syndicalist state" controlled by a troika of gangsters, corrupt government officials,

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and crooked businessmen who accumulate vast wealth by exploiting the "vulnerabilities of a society in transition."

The best idea for former Soviet lands today would incorporate both the best of Russia's past from the fifteenth through nineteenth centuries and the achievements of the modern age. It must also envision a just society based on fairness and interethnic cooperation—an idea ultimately more attractive and powerful than any purely national idea. The United States has united peoples from all corners of the globe with the promise of equal opportunity. Something of the sort in Kazakstan, for instance, could well defeat Russian nationalists with their dreams of secession and at the same time check the rise of Kazak nationalism. It would also reawaken the memory of the peace and stability that prevailed under the Soviet-era "friendship of peoples" and encourage closer integration in Central Asia and the CIS in general.

If the region cannot come up with an idea that embodies the aims and aspirations of its many peoples and draws them closer together, and if the major powers continue to jockey for influence and thus exacerbate divisions, the international security system could be destroyed and international rules of conduct undermined. An order would once again have to be built, not on principles of law and justice, but around the balancing of interests and forces. That would mark a new and inauspicious "beginning of history."

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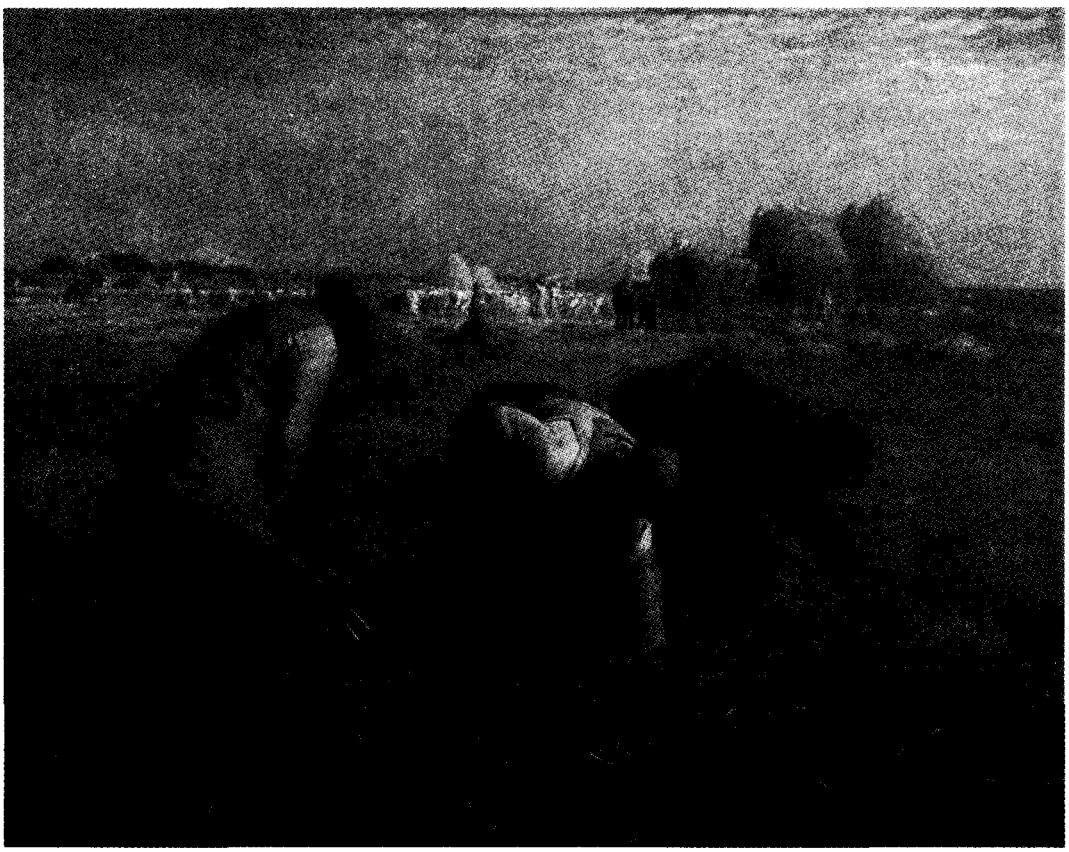
Reviews



ART RESOURCE

Jean François Millet, The Gleaners

Europe's Industrial Revolution was, at the deepest level, a product of the continent's mild summers.

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Review Essay

Geography as Destiny

A Brief History of Economic Growth

Barry Eichengreen

The Wealth and Poverty of Nations: Why Some Are So Rich and Some So Poor. BY DAVID S. LANDES. New York: W. W. Norton, 1998, 544 pp. $30.00.

In the 1970s Harvard undergraduates used to be offered what was called the Sherwin-Williams course. In lieu of a single coherent economic history, a galaxy of faculty stars would "paint the globe." One after another they would describe to their audience, seated in the university's vast Memorial Hall, different facets of world economic history—first the experience of Europe, then America, then Asia, and finally, time permitting, other parts of the world. What the course offered in variety, it lacked in coherence. But no one felt capable, or at least inclined, to describe a whole that was more than the sum of these parts.

Few scholars, in other words, have the courage to pose the questions addressed by David Landes in his new book. Consciously echoing the title of Adam Smith's classic, the author sets out to explain nothing less than the wealth of nations—why some are rich while others are poor. Even fewer scholars aspiring to answer such questions would be taken seriously in an age when economists specialize in technical treatments of narrow topics and historians indulge in postmodern analyses of gender and identity. But Landes has exceptional credentials. Having moved across departments at Harvard, from history to economics, disciplinary boundaries do not deter him. His 1969 book, *The Unbound Prometheus,* may be the single most widely read history of Western technology. The present book,

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a lineal descendant of that predecessor, shows every sign of having been carefully crafted over many years. In it Landes enlarges his canvas to cover not just technology but other aspects of economic growth, and not just Western Europe but the world.

To be sure, there have been previous attempts to pull this off, starting with Smith himself, who saw economic growth as a single coherent process driven by the expansion of the market. But Smith focused on the growth of trade and did not appreciate the industrial and technological revolutions going on around him. Landes is a powerful advocate of capitalism, but the writer in whose footsteps he follows most closely is, ironically, Karl Marx. Marx, like Landes, saw technological change and capital accumulation as powerful engines of economic growth sweeping aside all in their paths. Of course, Marx reached a different verdict than Landes on the long-run viability of capitalism and offered a rather mechanistic rendition of the growth process, positing that the less-advanced economy sees in the more-advanced economy an image of its future (in other words, that all countries follow the same development trajectory).

Alexander Gerschenkron, for many years Landes' colleague, offered an improved model of development. According to Gerschenkron in his 1970 book, *Europe in the Russian Mirror,* some countries, of which Russia was prototypical, initially lacked the economic and social preconditions for capitalist development. The more backward the economy in this sense, the later its industrialization. But the longer industrialization was delayed, the faster it went once started, since the latecomer could import the most advanced technology. It followed that economic structure differed between early and late industrializers: the economies of the latecomers were more capital intensive, and the state, heavy industry, and large banks played more important roles in surmounting the obstacles to industrialization. Germany was a classic late industrializer, Britain the early bird.

But Gerschenkron's geographic competence was limited, his account stretching no further east than European Russia. His emphasis on the ability of bankers, managers, and government officials to find substitutes for growth's missing requirements only heightened the mystery of why substantial parts of the world were so resistant to change.

WEATHER IS DESTINY

If one approach to the historical study of economic growth can be said to be the most influential, it is that which takes technology as the fundamental force for growth. This was the focus of Landes' teacher, Abbott Payson Usher, as it has been for generations of historians of Western technology. Their agenda has been to model technological change as an endogenous process. They look not simply at the consequences of technological change, but also its causes. Technical progress, in this view, accelerated in the West following the Renaissance and Reformation, which cultivated a culture of rationality and fostered systematic curiosity. It responded to the expansion of trade in Smith's century, since increased economic mobility facilitated the flow of information and expanding commerce held out the lure of greater profits. It encouraged and was encouraged by the limited state, which provided inducements for industry but allowed markets to operate

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and limited interference by foreign marauders and the tax man.

Recently, this tradition, emphasizing the singularity of Western technological achievement, has fallen out of favor in the academy. In the now-fashionable multiculturalist view, Europe's knowledge and know-how did not surpass those of other civilizations until the beginning of the nineteenth century. Gunpowder, paper and printing, and the first long-distance explorers all came from the East, after all. Europe was just luckier, or at best more systematic in exploiting the discoveries and resources of other regions.

Landes launches an all-out counterattack against cultural relativity in economic history. He insists that the West is special, its achievements unique, and that to argue otherwise is bad history. Its distinctiveness derives from two factors: geography and culture. Europe's Industrial Revolution was, at the deepest level, a product of the Gulf Stream. The continent's mild summers permit intense physical activity, unlike the tropics, whose heat and humidity force even the most energetic to seek shelter from the midday sun, and where the incentive to find others to do hard labor accounts for the concentration of wealth and ultimately explains the rise of slave society, a form of economic and social organization incompatible with capitalist growth. As the author puts it with characteristic bluntness, "Where society is divided between a privileged few landowners and a large mass of poor, dependent, perhaps unfree laborers—in effect, between a school for laziness (or self-indulgence) over against a slough of despond—what is the incentive to change and improve?" Europe's cold winters suppressed pathogens and pests and rendered parasitism the exception, increasing the capacity of its natives for work. The continent enjoyed just the right amount of rainfall, between the extremes of desert, where crops died of thirst and topsoil eroded away, and the torrents of the Tropics, where jungle and rain forest crowded out settled agriculture.

All else followed from this favorable climate. The agricultural revolution followed in the seventeenth and eighteenth centuries, raising living standards, generating an investable surplus, and freeing labor for employment in industry. A state with the capacity to fend off invaders followed, since control of the river valleys that fed food supplies was vital to survival. The favorable climate sustained larger horses capable of dominating set military battles and repelling invaders, plowing clayey soils, and, not incidentally, producing more animal fertilizer than those of other regions. Sustained growth required only that the hardwood forests covering most of northern Europe be cleared away, which became possible with the development of iron cutting tools whose appearance and diffusion explain the timing of Europe's economic divergence from the rest of the world.

WATER POLITICS

The ultimate product of Europe's geography and climate was Western democracy itself. In India and China, flood and drought made the control of water flow essential to the production of food. Controlling water in turn entailed the construction of large-scale hydraulic projects by forced labor. This implied a powerful, centralized state whose tentacles extended into all parts of the economy. Private property and individual initiative were luxuries

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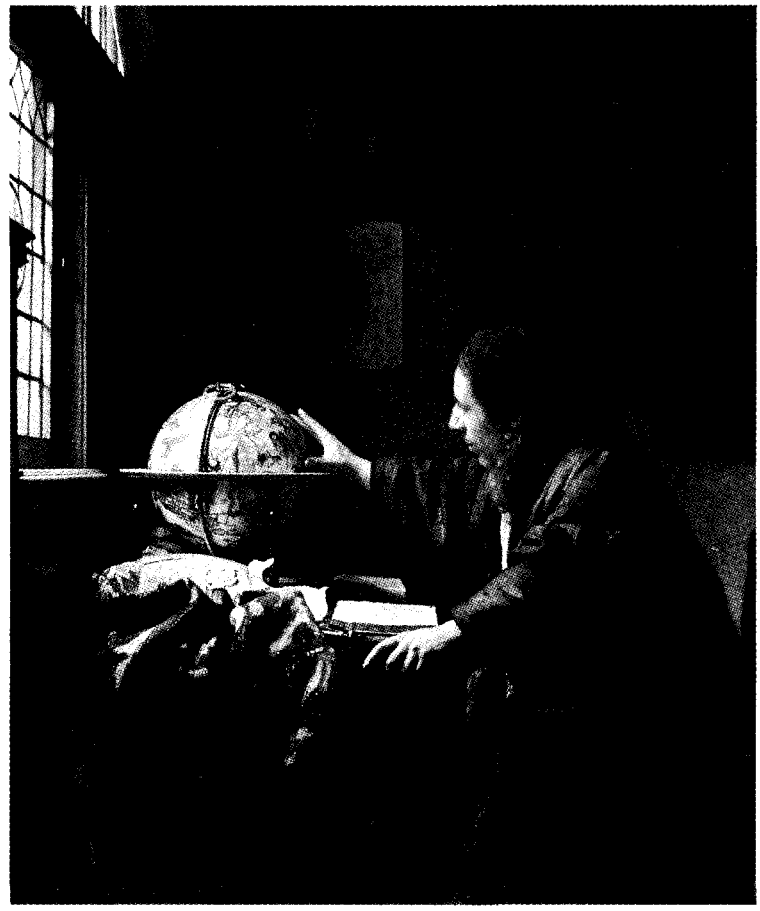
such societies could ill afford. Invention and innovation were threats to the political and religious elite, the ultimate vested interests.

The more benign geography and climate of the West, by contrast, supported a more independent life. There was less need to concentrate labor on the land. It was possible to survive outside the confines of the coordinating state. Germanic law and tradition, appropriate to the circumstances of Central Europe's nomadic tribes, recognized each individual as master of his possessions, a custom of which mobility was the ultimate arbiter. Since the oppressed were able to vote with their feet, state power derived from consent and was therefore limited. From this followed the rise of city-states and competition among them, including competition to attract economic resources and cultivate military might. To be sure, the growth of the Smithian market required a strong centralist state in sixteenth-century England and seventeenth-century France, but there was still a sharp contrast with Eastern despotism.



ART RESOURCE

See, these countries up here are the rich ones: Vermeer's The Astronomer, *1668*

CULTURE AND GROWTH

Thus, from geography sprang a social and political form of organization and a culture conducive to economic growth. The logic of this argument leads Landes into a defense of Weber's thesis of the connections between the Protestant ethic and the rise of capitalism and, more importantly, of Robert Merton's link between Protestantism and the advent of modern science. Calvinistic Protestantism, Landes agrees, legitimized and encouraged behavior consistent with business success. It gave sanction to rationality and encouraged the belief that man could master his environment. Its emphasis on instruction and literacy facilitated the acquisition and spread of knowledge. The result was not just the rise of experimental science but its coupling with a self-sustaining dynamic of practical, profit-oriented industrial innovation.

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Here, then, was where Western Europe and its North American appendage diverged from other parts of the world. The Reformation was a fundamental threat to the established church, which regarded intellectual and political novelty as subversive and persecuted nonconformists, prohibiting study abroad and stifling the spread of scientific knowledge. Landes argues that the anti-Protestant backlash sealed the fate of southern Europe for the next three hundred years. Southern Europe, in turn, exported its shortcomings to South America. In North America, by contrast, geography and the culture of dissent carried the day. Abundant free land created a society of small farmers and well-paid workers of unparalleled individualism, self-reliance, and initiative. Ample natural resources and an extensive consumer market, itself the product of a relatively level income distribution, led to the American system of manufactures, a form of industrial organization in which raw materials were intensively used to churn out standardized products using what ultimately developed into mass-production techniques. Even the American South, where climate and geography had encouraged the use of slave labor, quickly shed the lingering effects of its anticapitalist system once air conditioning freed it of its climatic handicap.

Japan poses something of a problem, and an important one, given that it was the first non-Western country to industrialize. From the seventeenth century, Japan closed itself off from the West and Western learning. The shogunate systematically extracted resources from the mercantile class. But once again, culture and geography come to the rescue: while Japan did not have Calvinism, Buddhism encouraged a similar work ethic, and a geographically compact economy undermined efforts to protect local industry from competition. Ultimately, the vibrancy of the economy broke down barriers to intellectual exchange. The Meiji Restoration and the resumption of relations with the outside world were more consequence than cause. Korea and Taiwan, to which many of Japan's lessons were forcibly transplanted, succeeded in following, but not so most other non-Western nations.

The truly disturbing aspect of this story, of course, is the tenacity of cultural inheritance and the inevitability of geographic destiny. Africa remains slow to develop even today because of an unfavorable climate, a view recently advanced by Landes' Harvard colleague Jeffrey Sachs. The Middle East is held back by the culture of submission characteristic of Islam. Much of Latin America remains handicapped by the legacy of Iberian colonialism. As for the future, no Huntingtonian clash of civilizations here; for "the rest" is too weak.

WANTED: PATIENT ECONOMISTS

Unfortunately for Landes, an increasing number of economies refuse to conform to the pattern. Chile, Peru, and even Argentina and Brazil have cast aside monetary instability, for the time being at least, and display very respectable rates of growth. China has joined the first rank of rapidly growing economies. By comparison, the Asian miracles of Korea, Thailand, and Japan suddenly look less impressive as they face a steep crisis. (Of course, if Landes' argument is correct, this too shall pass.) One wonders whether the tyranny of geography has been weakened by technological change, be it in the

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form of drought-resistant seeds that make farming possible in arid climates, air conditioners that make it tolerable to work in a factory in Atlanta, or containers that render shipping to far-flung lands economical. One wonders similarly whether cultural inheritance has been rendered increasingly irrelevant by the revolution in communications that has brought VCRs and satellite dishes to the most remote Indian villages and, with them, the homogenizing influence of the mass media. If so, perhaps all that are left to determine the capacity for growth are the government's economic policies, specifically toward money, trade, property rights, and education.

Time will tell—as, hopefully, will scholarship. That the great questions of economic history that occupy Landes tend increasingly to be regarded as fair game for pundits rather than scholars is one of the intellectual tragedies of our times. The erudition on display in this book requires one to read more than one writes, something that is not rewarded in today's academic age of publish or perish. It requires one to invest decades in crafting a single book, not something that is encouraged by a culture of instant gratification. Historians, sad to say, are among the worst offenders. The postmodernism and multiculturalism that run rampant in history departments are fundamentally incompatible with the approach taken by Landes here. Attempting to offer a rational explanation for the dominance of postmodernism in historical scholarship would be a self-contradictory exercise in futility. Painful as it is to admit for a resident of Berkeley, California, one suspects that there is an element of politics involved. The children of the sixties set in motion this intellectual tide. Fortunately, each generation of children is inclined to rebel against its parents. One waits with bated breath for the next generation of history students to rebel against their teachers.

Until then, most economic historians will continue to work in economics departments and talk with economists. Indeed, the typical economist is more sympathetic to economic history nowadays than in years. Economic history has always been about why some are rich while others are poor, and economists, responding to the increasing sterility of business-cycle analysis, have recently returned to this fundamental question. The failure of the transition economies of Eastern Europe to grow and prosper immediately following the collapse of the Soviet bloc reminded the economics profession of the importance of historical preconditions for growth.

But economists are the least patient of scholars. To be sure, they will read Landes. They will latch onto one or more of his ideas, and they will grab growth indicators from the World Bank database in the effort to subject them to statistical tests. But if economics is to develop into a serious discipline, they will have to do more. They will have to understand the growth patterns they observe as historical processes. They will have to emulate Landes' example, not just by asking the big questions but by pursuing them with the breadth and depth of scholarship they deserve.

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Review Essay

The Discontinuous Future

A Bold but Overoptimistic Forecast

Alvin Toffler and Heidi Toffler

Anticipating the Future: Twenty Millennia of Human Progress. BY BARRY BUZAN AND GERALD SEGAL. London: Simon & Schuster, 1998, 384 pp. $32.50.

In a world sardine-stuffed with ever-narrower monographs, at a time when grand theory is scorned, the notion of progress is regarded as naive, and quantification rules the intellectual universe, it is refreshing to come upon Barry Buzan and Gerald Segal. Throwing caution to the wind, they set out to map 20,000 years of human history. Trekking across disciplinary boundaries, they bring back the message that progress, after all, is alive and well.

It requires courage, especially for academics and researchers, to risk being labeled "futurologists"—a word unfairly freighted in Britain and the United States with connotations of selling snake oil. Because their book is also readable by a broad, nonspecialist public, they run the additional hazard of being labeled popular or trendy—among academia's worst terms of opprobrium.

It takes still more courage to stretch the time horizon as far as they do. Starting with prehistory and the Ice Age and sweeping 5,000 years hence, *Anticipating the Future* is a welcome attack on temporal provincialism. Unfortunately, the book is mistitled. In 1975, with the global economy reeling in the wake of the oil shock, we wrote an article in *Esquire* entitled "Beyond Depression." When we asked a friend and futurist, the late John McHale, for comment, he replied, "Too much depression, not enough beyond."

ALVIN TOFFLER's books include *The Third Wave* and *Powershift: Knowledge, Wealth, and Violence at the Edge of the 21st Century.* He and HEIDI TOFFLER are coauthors of *War and Anti-War: Survival at the Dawn of the 21st Century.* Their most recent book is *Creating a New Civilization: The Politics of the Third Wave.*

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One feels the same way about *Anticipating the Future.* Most of the book is actually a revealing survey of history. One is still anticipating the arrival of tomorrow at page 189. Even the concluding chapters, ostensibly devoted to the future, turn out to be largely about the present as seen by fictional historians living in the future. There is too much anticipation, not enough future.

SANGUINE SOOTHSAYERS

When Buzan, a research professor of international studies at the University of Westminster, and Segal, director of studies at the International Institute for Strategic Studies, do get down to business, they sketch the next 50 years, leave you wanting more, and then turn, even more briefly, to the 500 years beyond that. At 5,000 years out, there is, understandably, not much to say. Even speculation fails.

Their basic thesis holds that human progress, despite the many horrors of history, is real—measured not merely in material terms but by the fact that our species has survived and spread over the entire planet and gradually built a "single global space." The elimination of slavery and what they see as a diminished appetite for large-scale war are evidence that progress is moral as well as material.

And if their scenario of the next 50 years is realistic at all, that progress should continue, albeit with plenty of ups and downs. As they see it, the world will divide into wealthy and presumably democratic "open" societies, a group of "closed" societies (not terribly well defined by the authors), and a collection of failed or enfeebled states that may even need to be taken over by the others and turned into trusteeships to mitigate the surging violence they contain. A regional war between Iran and Iraq will once more erupt and lead to redrawn borders from Turkey to Egypt. Russia and China will aid Iran. A powerful China will in turn bully its neighbors militarily, but combined pressure from the United States, Japan, and Europe will peacefully force China to play by the rules of the international community. Still, no war among the great powers is likely, least of all one that might threaten the entire planet with incineration. The authors are equally sanguine about our gradually improving ability to overcome environmental problems. Asian countries will not become culturally Westernized, but "Westernistic," meaning that whatever else these countries reject from the West, they will ultimately accept market economics and a degree of political liberalism. Better yet, the authors believe—and here they write with a passion absent elsewhere—the world will throw off the chains of "economism," their term for Thatcherite policies, and will gradually move toward a "social market." Governments will take as their primary role the protection of the 10 to 15 percent of their poorest citizens.

WAVE CONFLICT

What troubles one throughout, however, is the relatively short shrift Buzan and Segal give to economics. While the great failure of many economists was and remains an underappreciation of the importance of culture, religion, power relationships, anthropology, and social psychology, the authors, if anything, seem to tilt in the other direction. Nor do they seem to grasp the depth of the economic and financial transformation still in its early phase.

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Historians, like paleontologists, can be divided among "continuists" and "discontinuists." Advocates of "punctuated equilibrium" in evolution, for example, argue that new species do not emerge at an even rate but in bursts of speciation followed by periods of relative equilibrium. In the history of science, the assumptions of someone like Pierre Duhem, whose massive survey of ancient cosmology, *The World System,* written early in this century, was explicitly incrementalist, can be contrasted with, say, those of Thomas Kuhn, whose *The Structure of Scientific Revolutions* is a criticism of those who picture science as mere "development-by-accumulation." There are merits to both ways of interpreting history, but we live in a period of giant discontinuities. And on the evidence of *Anticipating the Future,* despite their frequent references to "transformations," Buzan and Segal are by and large continuists—a position that blinds them to some of the most important changes that lie ahead.

They recognize that the agricultural revolution was "epochal." It is hard to argue with that. It launched that First Wave of interrelated economic, military, social, cultural, and political changes that carried human beings beyond hunting, gathering, and herding. The authors also, at points, write about the Industrial Revolution, but they assign it a much smaller role in history than it deserves. For them the Industrial Revolution is merely one of several equally important changes that have produced modern society. But by dating the start of industrialism as far back as 1500 and stretching it over more than 500 years, they represent it as a more incremental process than it was. In so doing, they de-revolutionize such breakthroughs as the shift from animal to fossil fuel energy, the leap to technologies that enhance muscle power, and the ideas of Newton, Descartes, and Enlightenment intellectuals.

In fact, if the agricultural revolution was the First Wave, the Industrial Revolution was the Second Wave of human transformation. Each revolution brought with it a wave of interrelated changes—not merely a totally new form of economic organization and a new form of civilization, but a new division of power on the planet. Each also brought conflict. For example, wherever the process of industrialization began, it met resistance from agrarian elites. Benjamin Disraeli spent half a century fighting a rear-guard struggle on behalf of what were called the "landed interests." In the United States an early industrial North fought a slaveholding agrarian South.

We can, in fact, find elements of wave conflict—rural versus urban, agrarian versus industrial—even now in many parts of the world, all the way from Kabul, where the village-based Taliban seeks to impose its restrictive norms on an urban population, to Bosnia. One is reminded of the remark by Bogdan Bogdanovich, the former mayor of Belgrade, that the battle for Sarajevo "is a war of the mountains against the cities." If urban-rural or First Wave versus Second Wave conflict were more closely examined around the world, we might do a better job of anticipating hot spots before they blast their way into the headlines.

The authors' failure to position the Industrial Revolution properly in history also directs attention away from its enormous impact on international relations. Thus once modernizing industrial elites won

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political power over their rural rivals in England, France, Germany, the United States, and later Japan, wave conflict moved to the international level and colonial wars broke out all the way from the Congo to the Korean peninsula. The result for a century or more has been a world basically divided between Second Wave or industrial powers on top and First Wave or agrarian countries on the bottom. Power in the international system was essentially bisected.

TRISECTED WORLD POWER

Unfortunately, if Buzan and Segal underestimate the Industrial Revolution, they even more radically underestimate the revolutionary changes sweeping across our planet today. It is jangling to read in their discussion of the next half-century that there is not much "basic change now likely in the way we use capital. There will be far more of it . . . but the essentials of trade, investment and financial exchange look relatively stable." Nothing could be further from the truth. Capital itself is undergoing a historic transformation. Not only is the world financial system and money itself being radically restructured as we write, but capital is increasingly based on intangible factors—a profound change that economists are only starting to assess.

Continuism similarly leads the authors to underestimate today's technological upheaval. Thus, in describing the world of 1989 to 2038, they write, "The wave of transforming technological development that had first become apparent around 1850 continued relentlessly." But technological development has not "continued," relentlessly or otherwise. Starting shortly after World War II, it leaped into hyperdrive and changed its fundamental character. The key technologies of the two centuries before and the century after 1850 were muscle-enhancing. Those since then have been, so to speak, mind-enhancing. That is not a continuation but a revolutionary discontinuity.

There are now more than a quarter of a billion personal computers on the planet—257 million, or one for every 22 human beings alive. In the United States, computers are approaching the 100 million mark—almost one for every 2.5 people—and more U.S. workers have jobs making computer equipment and writing software than making cars. Nearly 40 percent of homes have computers, and the vast majority of workers are no longer engaged in industrial-era muscle work. Indeed, the shift from a factory-based to a post-factory economy is accelerating. It is reflected not merely in the huge growth of services and the rise of small business, but in the remarkable fact that nearly 40 million American workers now do some or all of their work at home.

These are only the most obvious indications that the way we manufacture, distribute, finance, market, manage, and trade—in short, the entire economy—is undergoing a revolutionary change. We are experiencing a transformation at least as profound as the Industrial Revolution but compressed into a much shorter span of history. It is, in fact, the Third Wave of historic change.

Third Wave development, most advanced in the United States, is also occurring in Japan, Europe, Singapore, and China, with additional pockets found in Brazil and elsewhere around the world. As this occurs, not only can we see urban-rural

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political conflict, the clashing interests of First and Second Wave elites, but before long we can expect the first evidence of divergent Second Wave and Third Wave political interests as well. In the United States these are already apparent. In the battle over the North American Free Trade Agreement, for example, the trade unions, key defenders of the Second Wave factory-based economy, led the charge. Conflicts are heating up over issues like globalism versus nationalism (a political product of the Industrial Revolution), taxation and regulation, technology and the environment, family policy, labor legislation, and devolution to states, cities, and regions, all of which divide defenders of the old smokestack economy from Third Wave elites associated with the new economy now just beginning to become politicized.

If these admittedly broad generalizations are even roughly correct, we should expect important shifts of economic and political power within many countries, along with a massive redistribution of power on a global scale. That process has already begun, and we are moving beyond the two-level power system of the industrial era. The structure of global power is already trisected, with First Wave agrarian economies at the bottom, Second Wave mass manufacturing economies—the cheap labor suppliers—in the middle, and the emergent Third Wave, knowledge-based economies on top. This global trisection may be the most important power shift since the beginning of the Industrial Revolution, and it is unlikely to come without turbulence.

That is why Buzan and Segal's view of the next 50 years may be too sanguine. Their belief that the fundamentals of capital and economics are likely to continue without much change, or that big wars are a thing of the past, may prove overoptimistic. They underestimate not just the depth and complexity of today's revolutionary changes but, even more important, their acceleration—a factor that will produce changes of its own.

SPACE: THE FOURTH WAVE

These reservations duly noted, the pages of *Anticipating the Future* are rich in ideas and insights. The authors bring wide erudition to their task and synthesize a vast amount of information from different disciplines, in itself an important contribution to scholarship. Ironically, they are at their best, and least continuist, in their all-too-short discussion of the role of genetics and space in the future. They rightly note that the period ahead will be marked by "the development of machine intelligence . . . the resumption of human physical evolution . . . the first-level integration of human and machine worlds . . . the capability to manipulate the planetary environment . . . the first stages of the venture into space."

They foresee the coming redesign of the human organism itself, as a consequence of the completion of the human genome project. (Battles over whether and how this is done will make today's battles over abortion seem like a badminton match.) Early applications of genetic engineering, they suggest, will be limited to slowing the aging process. But even by the fourth decade of the new century, their fictional historian of the future, looking back, tells us that "society at large was not ready for attempts to improve the organism in other than curative ways. Notions of human equality were too recently established after the age of

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imperialism, and the racist ideologies that accompanied it, to allow any consensus on taking up the opportunity of eugenics," which was thus delayed for another two centuries.

Buzan and Segal correctly foresee "major anxieties about how to prevent military applications of genetic technique"—an issue raised as early as 1969, when, with a chilling lack of anxiety, a top official at the Institute of Development Biology at the Soviet Academy of Sciences predicted the equivalent of a genetic arms race and urged his nation to get a head start. In addition, they envision the linkup of machine-generated images with human perception to create "telekinetic devices" that fuse humans and machines "into a single behavioral unit whose two parts could be separated by substantial distances." They note that the ability of a computer chip to pass information directly into the human nervous system has opened the path to the creation of cyborgs, but here again, they contend that our belief in human equality will delay that step "for a long time."

New knowledge about the environment, Buzan and Segal say, will eventually give us the ability not merely to control the human impact on ecology, but to modify major natural effects as well, leading to a global geo-engineering project under a Planetary Management Corporation. Finally, sometime in the centuries to come, the biological revolution will, they believe, make possible changes in the human organism which would prepare at least some of us for the colonization of space—the point at which, in our terminology, the Fourth Wave of human transformation would truly have begun.

About a book so rich in detail and sweeping in ambition, much more could, and ought to, be said. If Barry Buzan and Gerald Segal have returned from their ambitious expedition with less than one hoped, they risked much and brought back more than most. If there were a Victoria Cross for conspicuous scholarly bravery, Buzan and Segal would surely deserve it, and we would happily attend the ceremony.

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Recent Books on International Relations

Political and Legal

FRANCIS FUKUYAMA

Conspiracy: How the Paranoid Style Flourishes and Where It Comes From. BY DANIEL PIPES. New York: Free Press, 1997, 258 pp. $25.00.

It is perhaps appropriate that Daniel Pipes, a prominent Middle East historian, should write the first general account of the role of conspiracy theories in history, since "conspiracism," as Pipes labels the phenomenon, is particularly rife in that region. The author presents a fascinating account of conspiracy theories down through the ages, from early Christian accusations against the Jews to contemporary African-American theorizing about a police conspiracy to frame O. J. Simpson and the CIA's role in promoting the AIDS epidemic in urban ghettoes. Pipes notes that in this century both the left and the right have been equally virulent purveyors of conspiracy theories, but that the left retains an aura of respectability while the people on the right are often dismissed as crackpots. Pipes argues, correctly, that this distinction results not from the inherently greater plausibility of the left's theories, but from the credentials and surface sophistication of their exponents. My only wish is that Pipes' analysis were more sociological than historical, and that he had delved more deeply into the reasons conspiracy theories take shape in certain periods and among certain groups. In particular, it would be nice to know why conspiracism seems ever-more prevalent in the United States today, despite peace, prosperity, and rising levels of education.

Cracks in the Consensus: Debating the Democracy Agenda in U.S. Foreign Policy. BY HOWARD J. WIARDA. Westport: Praeger, 1997, 105 pp. $45.00 (paper, $14.95).

This short book accepts the goals of the so-called "Washington consensus"—that U.S. foreign policy ought to promote

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both democracy and free economies abroad as a matter of both principle and self-interest—but argues that the goal is pursued with too little nuance or appreciation for the complexity of democracy-building in the Third World. The author argues that the Clinton administration (and occasionally the nonpartisan National Endowment for Democracy) have pushed too hard and too fast for elections in countries from Ethiopia and Kenya to Mexico, Peru, and Haiti—societies that either weren't capable of sustaining democracy or were in danger of being destabilized by Washington's favored priorities. While the author quite sensibly urges policymakers to eschew a simple democratic-authoritarian dichotomy and recognize a range of halfway houses that may be more appropriate for many countries around the world, he underestimates the difficulty of building public support in the United States for governments that are only partly democratic.

The Killing of History: How Literary Critics and Social Theorists Are Murdering Our Past. BY KEITH WINDSCHUTTLE. New York: Free Press, 1997, 298 pp. $25.00.

In the tradition of Allan Bloom's *The Closing of the American Mind* (1987) and Roger Kimball's *Tenured Radicals* (1990), Windschuttle, an Australian academic, blasts various contemporary intellectual currents, including cultural studies, post-structuralism, deconstructionism, critical theory, and the like. The author provides a highly readable tour of the morass that is postmodern academia in the West: if you ever wondered what was wrong with Michel Foucault's theories but were too embarrassed to ask, this book provides a straightforward if unsympathetic exposition and critique. The problem with all of these trends is their relativism, the assertion that there is no way of adjudicating between cultural values, and that Western rationalism, in particular, provides no way out. In addition to the easy targets, Windschuttle presents an interesting account of the relativistic legacy of Karl Popper's empiricism.

Why We Are Not Nietzscheans. EDITED BY LUC FERRY AND ALAIN RENAUT. Chicago: University of Chicago Press, 1997, 235 pp. $45.00 (paper, $15.95).

Interpreting Nietzsche has always been difficult: he was simultaneously the greatest philosopher of late modernity and also, in the naive but accurate judgment of many of his contemporaries, a bad man whose ideas had evil consequences. Not only was he the father of modern relativism, but a hater of democracy, equality, and modern science, since the latter demonstrated the false claims of existing human hierarchies. It is thus particularly ironic that Nietzsche's thought has been put in the service of left-wing causes by a series of French writers like Gilles Deleuze, Jacques Derrida, and, particularly, Michel Foucault.

While French Nietzscheanism, under the rubric of deconstructionism and postmodernism, went on in the United States to become the highbrow justification for the more extreme forms of multiculturalism, feminism, and gay studies, it has been under steady attack in its native country. The current book, published in France seven years ago, is edited by two academics who are key figures in this ongoing French revisionism. It argues, of course, against the dishonest

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interpreters of Nietzsche who tried to synthesize him with Marx and Freud. But in the end, the contributors to this volume pin the blame on Nietzsche himself for contributing to many of the illiberal and antidemocratic trends of the times, while still respecting him as a seminal figure in modern thought. This book should be required reading for those who continue to believe that there are no facts, only interpretations.

The Ethics and Politics of Humanitarian Intervention. BY STANLEY HOFFMANN. Notre Dame: University of Notre Dame Press, 1996, 116 pp. $25.00 (paper, $14.95).

This short book is built around two of Hoffmann's lectures, one on the ethics of intervention and the other on the international community's failure in the former Yugoslavia. In the first, the author provides a well-reasoned account of why traditional norms of sovereignty have been eroded and why the case for humanitarian intervention is more compelling now than previously. His rules for ethical intervention, however, constrain the international community's actions to those approved by the United Nations or its subsidiary organizations. Not only did this rule in effect block timely intervention in Yugoslavia (as pointed out by one of the commentators), but its normative basis needs further scrutiny given the purely formal sovereignty criterion for U.N. membership in an age when mere sovereignty does not convey moral legitimacy to a state's actions.

The Complexity of Cooperation: Agent-Based Models of Competition and Collaboration. BY ROBERT AXELROD. Princeton: Princeton University Press, 1997, 232 pp. $49.50 (paper, $18.95).

System Effects: Complexity in Political and Social Life. BY ROBERT JERVIS. Princeton: Princeton University Press, 1997, 309 pp. $29.95.

These two books represent recent efforts to apply complexity theory to international relations. Axelrod, who is famous in game theory circles for his iterated solution to the Prisoner's Dilemma, has been at it the longest. This volume, which reprints previously published articles with new introductions, shows how so-called genetic algorithms can be applied to everything from sexual selection in biology to the evolution of international cooperative norms. The Jervis book sees the international system as a complex one in which positive and negative feedback loops tend to produce unexpected second- and third-order effects. The international system, in this view, is much more than the sum of its nation-state parts, and cannot be adequately described by highly reductionist systems-level theories like that of Kenneth Waltz.

The application of concepts like complex adaptive systems, arising from quantitative fields like biology and information theory, to the study of international relations is overdue. The assertion of realist theory that anarchy prevails in the absence of an international sovereign is much too simple: many forms of order, both natural and social, evolve in decentralized systems lacking any form of hierarchical authority. Axelrod's book gives a number of examples

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of this, from international business and military alliances to the emergence of new actors over time. What is much less clear is whether the complex adaptive systems approach can offer much in the way of a positive theory of international relations. Such models tend to work best in situations with large numbers of relatively simple agents, as with biological populations. International politics consists of a small number of very complex agents whose behavior tends to be more chaotic. And indeed, when Jervis leaves theory for the real world, his book reverts to a more familiar historical, case-by-case approach.

Along the Domestic-Foreign Frontier: Exploring Governance in a Turbulent World. BY JAMES N. ROSENAU. New York: Cambridge University Press, 1997, 467 pp. $59.95 (paper, $22.95).

Following on his 1990 book, *Turbulence in World Politics*, the author argues that the way in which we understand international politics must change due to a number of long-term shifts in underlying conditions. These include such factors as the "skill revolution" that makes the public around the world much more resistant to authority and better able to organize, changes in information technology, the explosion in the number of nongovernmental actors, the erosion of sovereignty, and the breakdown of clear boundaries between domestic and foreign. Some of Rosenau's most interesting arguments concern the fact that international governance no longer necessarily centers on nation-states hammering out broad international agreements but can bubble up from below, where private-sector and nongovernmental players have a large role.

Delusions of Grandeur: The United Nations and Global Intervention. EDITED BY TED GALEN CARPENTER. Washington: CATO Institute, 1997, 268 pp. $19.95 (paper, $10.95).

This schizophrenic book, based on papers from a conference sponsored by the libertarian CATO Institute, oscillates between tepid defenses of the United Nations by its supporters like Gareth Porter and Roy D. Morey, to the unremitting hostility of the majority of the participants. This combination does not prevent many of the critiques, like that of Nicholas Eberstadt on U.N. development assistance, from being incisive. Doug Bandow attacks the United Nations as a "snare" that involves the United States in unnecessary conflicts like Somalia. He overlooks the fact that it was the Bush administration that unilaterally decided to intervene in Somalia, later using the United Nations as a means of covering its withdrawal. The real problem for him, as for many of the isolationists at CATO, is not the United Nations but U.S. involvement in world politics.

The Myth of Continents: A Critique of Metageography. BY MARTIN W. LEWIS AND KÄREN E. WIGEN. Berkeley: University of California Press, 1997, 344 pp. $55.00 (paper, $19.95).

The authors argue that conventional geographical taxonomies that divide the world into continents, nation-states, and even cultural-political spaces like the First World and Third World are overly simple-minded and reinforce a hierarchical, Eurocentric view of the world. While cartographic ethnocentrism is surely an established historical fact, this book tilts at windmills: most sensible people recognize that terms like "Asia," "Africa," or

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the "South" represent complex, heterogeneous categories, and yet continue to use them because they are a shorthand for what remain meaningful political, economic, and cultural distinctions.

Economic, Social, and Environmental

RICHARD N. COOPER

Does the Weather Really Matter? The Social Implications of Climate Change. BY WILLIAM JAMES BURROUGHS. New York: Cambridge University Press, 1997, 230 pp. $24.95.

Around the globe human beings have adapted successfully to differences in climate much greater than the changes likely to occur over the next century. A British atmospheric physicist turned popular science writer, Burroughs points out that slow changes in average climate will hardly be noticeable. What will be noticeable are weather events that deviate sharply from normal variation. At present, the scientific consensus is agnostic on whether extreme events will increase with global warming. Burroughs asks how well people have adapted to such events by looking at severe winters, floods, droughts, and hurricanes, and he finds that they have caused terrible damage and consternation, which adequate warning has greatly reduced. At the same time, we have become less willing to accept acts of God, which, he argues not altogether persuasively, explains some of the journalistic hype about extreme events. The book contains informative chapters on the strengths and weaknesses of the large computer models used to simulate past and future changes in climate and on the difficulties of weather forecasting. Taking a middle-of-the-road, gradualist position on policy to abate climate change, the author warns against expecting additional scientific information to resolve all the complex issues involved. He also warns scientists against using unusual but transient weather events to dramatize their preferred policy positions.

Regional Trading Blocs in the World Trading System. BY JEFFREY A. FRANKEL. Washington: Institute for International Economics, 1997, 364 pp. $22.00 (paper).

The last decade has seen a proliferation of regional preferential trading arrangements, of which the North American Free Trade Agreement is only the best known in the United States. This development represents a major deviation from the global trading arrangements based on the General Agreement on Tariffs and Trade (now World Trade Organization) built up over the past half-century. Do these arrangements contribute to or detract from global trade liberalization, and from global economic welfare? In tackling these complex questions, Frankel, currently a member of the Council of Economic Advisers, employs an impressive and subtle mixture of theoretical reasoning and empirical testing. He constructs a defensible baseline of what free trade among nations would look like and assesses observed trade flows against that baseline. He concludes that on balance regional trading

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arrangements have been building blocks toward global free trade rather than stumbling blocks in its way. He also makes sensible recommendations to assure that they continue to serve that constructive role.

The Paradox of Plenty: Oil Booms and Petro-States. BY TERRY LYNN KARL. Berkeley: University of California Press, 1997, 342 pp. $55.00 (paper, $22.00).

The core of this book is devoted to the twentieth-century evolution of Venezuela from an agrarian economy into a centralized "petro-state," overwhelmingly dependent on the petroleum industry not only for exports but also for government revenue. Drawing on the collateral experience of Algeria, Indonesia, Iran, Nigeria, and, for contrast, Norway, the author puts forward the thesis that prolonged mineral booms, where proceeds accrue to the government, not only lead to a loss of financial discipline and deterioration in competitiveness of agriculture and industry, but also shape the character of poorly developed states. They encourage a culture of rent-seeking rather than productive activity and of avoiding both domestic taxation and the political systems of accountability associated with it. The paradoxical legacy of oil wealth is therefore much greater fragility in governmental and civic institutions than in states less well endowed with mineral resources. This thesis is perhaps overdrawn, giving insufficient weight to other factors that led to the Iranian Revolution and to political instability in Algeria and Nigeria, but it is well argued and has the ring of truth.

China 2020: Development Challenges in the New Century. Washington: World Bank, 1997, 161 pp. $30.00 (paper).

The World Bank was created in 1946 to help reconstruct economies damaged in the Second World War and contribute to development in poor countries by making long-term loans to governments, mainly for infrastructure projects. One byproduct has been excellent analytical work on the physical and social infrastructure needs of borrowing countries, which has increasingly been made available to a wider public. Produced by a team led by the economist Vikram Nehru, *China 2020* provides in highly readable form a model-based sketch of what the Chinese economy may look like by 2020 after growing by a plausible average of 6.6 percent per year from 1995. It also estimates the requirements (for investment in electric power, education, and fiscal reform) for getting there and the implications (on food demand and the environment) of being there. Given its authorship, the book can be only implicitly critical and mildly hortatory, but it gives a comprehensive, fact-filled, and internally consistent overview valuable to anyone interested in the future of China and its role in the world economy. Six backup volumes—at $20.00 each grossly overpriced for an organization charged with providing public goods and funded by public money—discuss China's environment, food security, health care, income distribution, old-age security, and integration into the world economy.

Agenda 2000: For a Stronger and Wider Union. Brussels: European Commission, 1997, 138 pp. $7.50 (paper).

Two especially noteworthy developments are likely in Europe during the coming years: the creation of a common currency by

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2002 and the enlargement of the European Union by up to 13 additional countries. Enlargement will require significant changes in how the EU operates and even greater adjustments in the economies and societies of successful applicants. *Agenda 2000* sketches these challenges and makes proposals for policy change through 2006. It has both the advantages and disadvantages of an official document: sometimes deadening committee prose, but for that reason an authoritative voice. The book discusses the five first-round candidates and Cyprus but suggests other countries may be close behind. Turkey is treated judiciously. Because the treaties of Maastricht and Amsterdam extend the EU far beyond economics, much space is devoted to social issues, crime, justice, the environment, and nuclear safety, as well as the well-known matters requiring major adaptation, especially the EU budget and the Common Agricultural Policy. The amount of space devoted to noneconomic issues is indicative of the distance the EU has moved past a mere common market, although economic issues remain at the core of the EU's decision-making.

Military, Scientific, and Technological

ELIOT A. COHEN

Blood Rites: Origins and History of the Passions of War. BY BARBARA EHRENREICH. New York: Metropolitan Books, 1997, 292 pp. $25.00.

This book is one of a number of recent studies that have revived the anti-Clausewitzian view of war. War is not about politics; rather, it is a primitive, essentially male phenomenon—a "blood rite." The book begins with an indictment of the great Prussian theorist for supposedly believing that war is "an entirely rational undertaking, unsullied by human emotion." The author appears not to have read Clausewitz, who spent a good part of his masterwork, *On War,* talking about fear, hatred, responsibility, and ambition. Ehrenreich's misattribution points to one of the central problems of her book, namely, its sheer ignorance of military history. Well read in anthropology and sociology, willing to speculate and generalize, she assumes, rather than proves, an essential identity of human type between Gilgamesh and Norman Schwarzkopf.

Women Warriors: A History. BY DAVID E. JONES. Washington: Brassey's, 1997, 279 pp. $24.95.

The author, an anthropologist and martial arts instructor, wishes to establish that women make just as fine killers as do men. He does so by assembling hundreds of stories of women proficient in slaughter, or at least avid for it. Collections of stories do not, however, a theory make. The inescapable fact remains that in the vast majority of societies women have not participated and do not routinely participate in combat, save in the last resort. The numerous exceptions cited here, while interesting (and on occasion horrifying) do not prove a rule. The author tends to dismiss or ignore evidence contrary to his core proposition—the Israel Defense Forces, for example,

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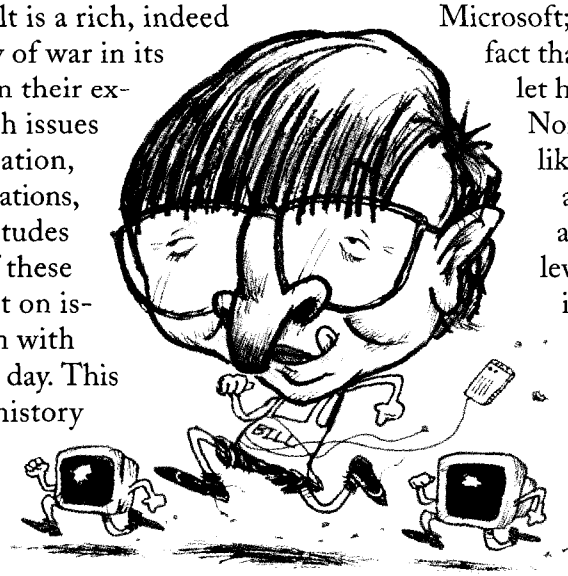
which has drafted women since its inception, merits only one paragraph in this work. That the Israelis have excluded women from combat since 1949 is tersely noted in one spare sentence and not discussed. Such unwillingness to look at inconvenient facts vitiates any usefulness the work might otherwise possess.

On the Road to Total War: The American Civil War and the German Wars of Unification, 1861–1871. EDITED BY STIG FORSTER AND JORG NAGLER. Cambridge: Cambridge University Press, 1997, 705 pp. $84.95.

Some historians have described total war as an artifact of this century, but its roots lie in the terrible decade of conflict described in this volume. The editors, working through the German Historical Institute in Washington, assembled the leading historians of this period in the United States and Germany to discuss the wars that forged two of the greatest powers of modern times. The result is a rich, indeed profound, study of war in its many aspects. In their exploration of such issues as mass mobilization, civil-military relations, and popular attitudes to war, many of these essays shed light on issues that remain with militaries to this day. This is comparative history and collective scholarship at its very best.



The Squandered Computer: Evaluating the Business Alignment of Information Technology. BY PAUL A. STRASSMANN. New Canaan: The Information Economics Press, 1997, 426 pp. $49.00.

It would be difficult to find an author with better credentials to speak about the applications of information technology in the workplace: Strassmann has served as chief information officer at the General Foods, Kraft, and Xerox corporations and as a senior Defense Department official. Despite or, rather, because of this extensive background, he has withering comments to make about the waste of computer resources in most industries. But the book has much more, including a chilling discussion of international information crime, which he believes national police and military forces cannot adequately counter.

Overdrive: Bill Gates and the Race to Control Cyberspace. BY JAMES WALLACE. New York: John Wiley, 1997, 307 pp. $24.95.

The author's previous book, *Hard Drive* (1993), began the story of Bill Gates and Microsoft; it did very well, a fact that the author will not let his readers forget. Nonetheless, this sequel, like its predecessor, gives an exciting and clear account of life at the leviathan of the software industry. The emphasis here, however, is different: how Gates and Microsoft missed out on the significance of the Internet as the dominant force in

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personal computer use, and what they did to turn the tables on upstart competitors such as Netscape. Hostile Justice Department officials, dissatisfied customers, and determined rivals will not have much success in breaking Microsoft's grip, if this book is to be believed. The complete absence of non-American players in this game is a striking and important fact.

Bombshell: The Secret Story of Ted Hall and America's Unknown Atomic Spy Conspiracy. BY JOSEPH ALBRIGHT AND MARCIA KUNSTEL. New York: Times Books, 1997, 352 pp. $25.00.

The general story has been told before, but this is the first close look at Ted Hall, one of the most important of the Soviet spies who passed to his masters many of the secrets of the atom bomb. Hall was a brilliant and immature physicist who subsequently fled to Great Britain. He cooperated, to at least a limited degree, with the authors of this story, who have also drawn heavily on declassified documents, including, in particular, decrypted Soviet communications with their agents in the United States. Eeriest of all is Hall's concluding two-page letter to the authors; unrepentant, the aged traitor contends that the 19-year-old youth "had the right end of the stick."

Making the Corps. BY THOMAS E. RICKS. New York: Scribner, 1997, 320 pp. $24.00.

Boot camp is a staple of old movies and, until the early 1970s, the real life of many, if not most, young American males. In a shrewd and well-crafted study, the defense reporter of *The Wall Street Journal* reacquaints us with a phenomenon too often treated in clichés. Ricks followed Platoon 3086 through boot camp and beyond, tracing the evolution of 63 young men (not all of whom made it through) from a motley crew of unruly youngsters into disciplined marines. As a study in anthropology alone this would be worth reading—the rites of passage, the curious military dialect, the tribal values imprinted on the impressionable young. But there is a deeper and darker message here. Ricks believes that the Marine Corps has estranged itself from American society. For uttering similar sentiments last year in an uncouth and offensive manner—specifically, describing the marines as "extremists"—Assistant Secretary of the Army Sara Lister was hounded from office. This book is far wiser and more perceptive, but it has an equally disturbing conclusion. A must-read for those concerned with civil-military relations in the United States.

In Pursuit of Military Excellence: The Evolution of Operational Theory. BY SHIMON NAVEH. Portland: Frank Cass, 1997, 398 pp. $59.50.

Not an easy read, but an important one. Written by a distinguished Israeli general, and drawing on a staggering array of primary and secondary source materials in four languages (and from multiple national archives), it describes the development of German, Soviet, and American thinking about operational art—the level of war between strategy and tactics. Naveh argues that operational art became manifest in American operations in the Persian Gulf. Of particular interest is the author's notion

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of "operational shock," the disintegration of military organizations as systems. Those who can forge through the scholarly impedimenta and occasionally abstruse prose will come away with a deep appreciation of the campaign level of war: certainly the most important work of military theory in recent years.

Unconventional Warfare: Rebuilding U.S. Special Operations Forces. BY SUSAN L. MARQUIS. Washington: Brookings, 1997, 319 pp. $49.95 (paper, $19.95).

This workmanlike volume traces the modern (largely post-Vietnam) history of American special forces, including the remarkable bureaucratic and Congressional maneuverings that have virtually made them a separate branch of the armed forces. Tracing both operational activities and the more peaceful—but no less intricate—Washington battles, Marquis displays a fine awareness of the peculiar culture of the special operations community. Politics and technology seem likely to evoke more rather than less call on American commandos in the future; hence the particular significance of this book.

Delbrück's Modern Military History. EDITED BY ARDEN BUCHOLZ. Lincoln: University of Nebraska Press, 1997, 244 pp. $45.00.

Hans Delbrück was perhaps the first, and certainly one of the most important, military historians of modern times. His four-volume *History of the Art of War,* recently translated and still in print after nearly a century, was his monumental work. Bucholz has, however, collected some of his most important essays and journalism, introducing them with a compact but complete biography. Delbrück engaged in a heated dispute with the German General Staff after World War I, hotly contesting the mistaken belief that Germany had succumbed to a "stab in the back," and arguing that Germany's professional military leadership had made fatal errors in strategy during that war. He died, isolated and besieged, but a hero to those who believe in the utility and legitimacy of critical, scholarly civilian analysis of military affairs.

The United States

DAVID C. HENDRICKSON

Unwinnable Wars: American Power and Ethnic Conflict. BY DAVID CALLAHAN. New York: Hill and Wang, 1998, 240 pp. $23.00.

A balanced and lucid overview of American policy toward ethnic conflicts. The author, a fellow at the Twentieth Century Fund, acknowledges the dangers associated with supporting secessionist movements for national self-determination. He also concedes the various obstacles associated with effective humanitarian intervention, including the intractability of the disputes giving rise to it and limited staying power in regions of secondary interest. Nevertheless, the thrust of the work is to argue for a much greater U.S. role in forestalling, mediating, and halting ethnic conflict, or at least in supporting the efforts of multilateral organizations to do so. While a fair-minded primer on the array of complex policy issues that ethnic conflicts raise, the argument is not without certain weaknesses. Humanitarian considerations may properly override the principle of nonintervention in certain

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cases, but it is misleading to characterize that principle as proceeding wholly from realpolitik, as the author continually does. He also underestimates the cumulative costs of "doing something" even when sanctions promise to be ineffective, as he accepts they often will be.

Hamilton's Republic: Readings in the American Democratic Nationalist Tradition. EDITED BY MICHAEL LIND. New York: Free Press, 1997, 345 pp. $25.00.

A commendable but unsatisfactory effort to draw together the principal writings of American thinkers and leaders who have drawn inspiration from Alexander Hamilton. Though many of the selections are excellent, the attempt to cover so much ground (over two hundred years' worth of the principles of foreign policy, the nature of political identity, and systems of political economy) means that no subject is covered adequately. Lind's editorial comments, moreover, are often quite dogmatic and reductionist. It is one thing to say that the argument between Hamilton and Jefferson was fundamental and persists in various guises, quite another to group American parties, statesmen, and thinkers into "Hamiltonians" and "Jeffersonians" from the beginning to the present day. A large number of figures that Lind identifies with the Hamiltonian tradition (among both nineteenth-century Whigs and twentieth-century Democrats) admired Jefferson as well and frequently saw themselves as synthesizing two valuable traditions rather than choosing between them. Lind, by contrast, appears to have imbibed (to a fault) Henry Adams' maxim that "it is always safe to abuse Jefferson."

Neighbors and Strangers: The Fundamentals of Foreign Affairs. BY WILLIAM R. POLK. Chicago: University of Chicago Press, 1997, 350 pp. $24.95.

A wise, learned, and graceful work that constitutes a superb introduction to the origin and logic of the principal areas of transaction among political collectives—defense, trade, espionage, and diplomacy. Over three-quarters of the book is lived, as it were, in a time that is premodern or a space that is non-western, but it manages, withal, to speak in relevant tones to the contemporary period. The author, best known for his studies of the Arab world, is often brutal in his depiction of primitive man and his not-so-civilized successors, but he also shows many different civilizations inventing similar means of accommodating strangers and discovering means of gaining mutual benefits. The major question raised by this book is whether the political arrangements broadly associated with modernity—erected on a bleak view of human nature not too dissimilar from that of Polk—are capable of turning human beings in a more civilized direction, in which they respond more to their interests than to their passions. That is the bet on which our political and economic institutions are based, and it is not clear, after all, that it is a losing one.

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Sumner Welles: FDR's Global Strategist . . . A Biography. BY BENJAMIN WELLES. New York: St. Martin's Press, 1997, 480 pp. $35.00.

An absorbing study of an enigmatic character who for nearly a decade after 1933, as Franklin Roosevelt's trusted adviser, wielded great influence over American foreign policy. The author, a retired correspondent with *The New York Times* and *The Washington Post*, was bequeathed his father's papers in 1961 and has returned by fits and starts to this biography ever since. Austere, formal, and even viceregal in public demeanor, Welles was also driven by private demons—of drink and libido, what else?—that led to scandal and forced him out of the State Department in 1943. Welles was particularly instrumental in introducing a new tone to relations with Latin America, which he and FDR treated with adroitness and respect, but his influence and idealism extended far beyond that domain. While the author treats convincingly the diplomatic episodes in which his father played a significant role, it is as a study in character that the book makes its most important contribution. "Angelic impulses and predatory lusts," wrote William James, "divide our hearts exactly as they divide the heart of other countries." So did they divide the heart of Sumner Welles.

Prompt and Utter Destruction: Truman and the Use of Atomic Bombs Against Japan. BY J. SAMUEL WALKER. Chapel Hill: University of North Carolina Press, 1997, 142 pp. $34.95 (paper, $14.95).

This careful scholarly monograph, which makes its appearance the morning after the bitter controversy aroused by the 50th anniversary of Hiroshima, is "post-revisionist" in tone and outlook. The author, the historian of the U.S. Nuclear Regulatory Commission, acknowledges that some officials saw diplomatic benefits vis-à-vis the Soviets from the use of the bomb but insists that such motivations were of decidedly secondary importance. He also disputes the conventional interpretation that Truman faced a clear choice between using the bomb and ordering a U.S. invasion that would have brought hundreds of thousands of American casualties. Those high estimates, he argues not entirely convincingly, were ex post facto rationalizations brought on by the need to justify a terrible act; the estimates made at the time were much lower. The author's ability to cover the most important issues with economy, together with a thorough bibliographical essay at the end, make this an excellent addition to the literature, particularly useful for beginning students.

The Price of American Foreign Policy: Congress, the Executive, and International Affairs Funding. BY WILLIAM I. BACCHUS. University Park: Pennsylvania State University Press, 1997, 343 pp. $55.00 (paper, $18.95).

That micromanagement, fragmentation, and partisanship in Congress is found wanting by Bacchus, a longtime government servant, is not terribly surprising, but he also insists that the budgetary process of the executive branch could stand considerable improvement and suggests a variety of sensible reforms to bring rationality and coherence to it. With funding for international affairs having fallen by nearly half in real terms since 1985, the need for coherence in the budgetary process is clear, though it is

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doubtful that such reforms would be especially meaningful if representatives continue to be willing to demagogue the issue before the public. It does not help that the public, as the opinion polls show, is inexpressibly ignorant with regard to the real levels of foreign aid. "Billions for defense, not one cent for diplomacy"—such is the higher wisdom now prevailing, before which appeals to reason and experience seem impotent.

The American Encounter: The United States and the Making of the Modern World. EDITED BY JAMES F. HOGE, JR. AND FAREED ZAKARIA. New York: Basic Books, 1997, $35.00.

These 42 essays from the past 75 years of *Foreign Affairs* are consistently illuminating and enjoyable. The older selections, interestingly enough, often speak most directly to the present moment. Alfred E. Zimmern's careful 1923 exploration of the relationship between nationalism and internationalism demonstrates that these concepts, like order and liberty, might better be seen as correlates than competitors. Karl Kautsky's 1922 examination of the impact of the Versailles Treaty on Germany might be read (substituting Russia for Germany) as an object lesson in the dangers of foisting on a new democracy the sins of the fathers. And Walter Lippmann's masterful 1926 portrait of William Borah (R-Idaho), then chairman of the Senate Foreign Relations Committee, just goes to show that senatorial leadership and political commentary have both suffered an ominous decline in quality.

Western Europe

STANLEY HOFFMANN

Dissolution: The Crisis of Communism and the End of East Germany. BY CHARLES S. MAIER. Princeton: Princeton University Press, 1997, 440 pp. $29.95.

It is a great pleasure to read an author at the height of his powers. In dealing with the end of the East German regime and state, Maier has covered an enormous amount of ground. Not only does he provide a brilliant analysis of a political system that "corrupted the public sphere through privilege" and "the private sphere through secrecy" (that is, the omnipresent Stasi), he also describes the East German economic collapse, which began in the 1970s and accelerated in the 1980s. "The system," he notes, "depended on more muscle and more people to bend more metal—not on ingenious breakthroughs." And he covers the political collapse of 1989 and the main actors of the final drama, the complex diplomacy of German reunification in which so many things could have gone wrong but didn't—thanks to Helmut Kohl's sense of purpose, American support for him, and Gorbachev's financial worries that pushed him toward accommodation with Bonn. The troubles of deindustrialization, the dilemmas of political justice, and the purges of higher education are analyzed here with subtlety and compassion in a chapter aptly called "Anschluss and Melancholy."

One of this book's chief virtues is the author's style: Maier has a knack for the

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right formulation ("the market revealed its pathology as well as its promises"). Moreover, he makes very frequent use of the comparative method: when he looks at the effects of the economic crises of the 1970s on the West as well as the East, when he examines different patterns of revolution, and when he shows the similarities and the considerable differences between the Nazi and the communist regimes. Maier is a historian who thinks like a political sociologist. This is particularly evident in his discussion of political legitimacy and of the concept, and kinds, of civil society. His conclusion about the renewed emphasis on the German nation and on German identity is as nuanced and thought-provoking as the rest of this exemplary book.

Divided Memory: The Nazi Past in the Two Germanys. BY JEFFREY HERF. Cambridge: Harvard University Press, 1997, 560 pp. $29.95.

Herf deals with divergent memories of Nazism, especially the persecution of the Jews, among post-1945 Germans, discussing a major split between East and West Germany and secondary ones within each state. The leaders' views before the Nazis came to power shaped their later "restorations of past traditions." In East Germany, "Nazi persecution of the Jews" was viewed "as a functional tool for other political purposes," such as the destruction of the working class. The regime also sought to present itself as a true German nationalist state, as against the "cosmopolitanism" of the West (and the Jews), and embraced Soviet policies in the Middle East. The dissident communist leader Paul Merker's attempt to stress the centrality of the Holocaust led to his political demise and imprisonment.

For Konrad Adenauer in West Germany, "facing the Nazi past meant above all moral and strategic integration into the West." Herf contrasts Adenauer's lack of zeal for a thorough judicial pursuit of Nazis, his failure to question the Christian sources of anti-Semitism, and his reluctance to speak about Nazi Germany's war on the Eastern front, with his endorsement of restitution for the victims of the Holocaust. For Adenauer's Social Democratic opponent, Kurt Schumacher, anticommunism and "a continued desire for denazification" and for facing Nazi crimes in all their dimensions went together. Unlike Ernst Reuter, the Socialist mayor of Berlin, Adenauer shunned memorial ceremonies. But Herf pays tribute to West German President Theodor Heuss, who with Nahum Goldmann, head of the World Jewish Congress, gave deep and eloquent speeches about the Holocaust at Bergen-Belsen in 1952. The violently negative reaction of the Bundestag to the frank and courageous speech of its Christian Democratic President, Phillip Jenninger, in November 1988 shows how difficult it has remained for German politicians to face the past without flinching, but 1995 brought an unprecedented focus on Nazi crimes. In coming years, Herf should again apply his expertise, research skills, and good judgment to this difficult territory, moving from the views of leaders to those of the public, intellectuals, and the judiciary, and comparing German reactions to the dark years with those of Germany's neighbors.

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Forced to Choose: France, the Atlantic Alliance, and NATO—Then and Now. BY CHARLES G. COGAN. Westport: Praeger, 1997, 158 pp. $55.00.

The two great merits of this short and well-researched volume, by a former high intelligence officer turned scholar, are a clear presentation of the many tracks and detours of French security policy between 1945 and 1951 and a convincing demonstration of the continuity of French concerns and purposes until this day. Post-1945 France had many handicaps: the legacy of the defeat of 1940, a determination to keep Germany weak, a desire for a balancing role between East and West, and a difficult relationship with Britain, which wanted to act as the indispensable intermediary between Washington and the European continent. It also faced a constant inability to keep the United States to the role of a major participant in European security, so as to keep the Soviets out and the Germans down, but not a dominant partner. After reading this book, American statesmen and journalists who say that French demands for a reshaping of NATO are diversions or absurdly pretentious will have no excuse for continuing to ignore the seriousness, depth, and longevity of French policy.

Global Europe: The European Union in World Affairs. BY CHRISTOPHER PIENING. Boulder: Lynne Rienner, 1997, 252 pp. $49.95 (paper, $19.95).

Foreign Policy of the European Union: From EPC to CFSP and Beyond. EDITED BY ELFRIEDE REGELSBERGER ET AL. Boulder: Lynne Rienner, 1997, 406 pp. $55.00.

These two volumes—which overlap a great deal—provide a comprehensive and detailed account of the attempt by the European Community, now the European Union, to develop a common foreign policy despite many of its members' ambivalence and a loose institutional structure that reflects it. The academics and officials who have contributed to the second volume provide a fuller account of the historical evolution of this attempt, and a better one of the Europeans' fiascoes in Somalia and in the Yugoslav crisis, as well as of the uncertain role of the parliament and the commission and the limited effectiveness of the Western European Union in defense matters. Neither volume covers the 1997 Amsterdam agreement—a definite, if still small, step forward. Piening, an official of the European Parliament, concludes with a plea against the unanimity rule and against a "multi-speed, multi-layered Europe." One of the editors of the other volume, Philippe de Schoutheete de Tervarent, Belgium's permanent representative to the European Union, tends to agree on the first point, but he is more willing than Piening to accept a differentiated Europe in which some countries will be able to move closer together, and faster, than the others.

Thatcher's Diplomacy: The Revival of British Foreign Policy. BY PAUL SHARP. New York: St. Martin's Press, 1997, 269 pp. $65.00.

A University of Minnesota political scientist, Sharp points out that Thatcher was both an enthusiast of global economic liberalism and a champion of the nation-state, and he believes that this apparent

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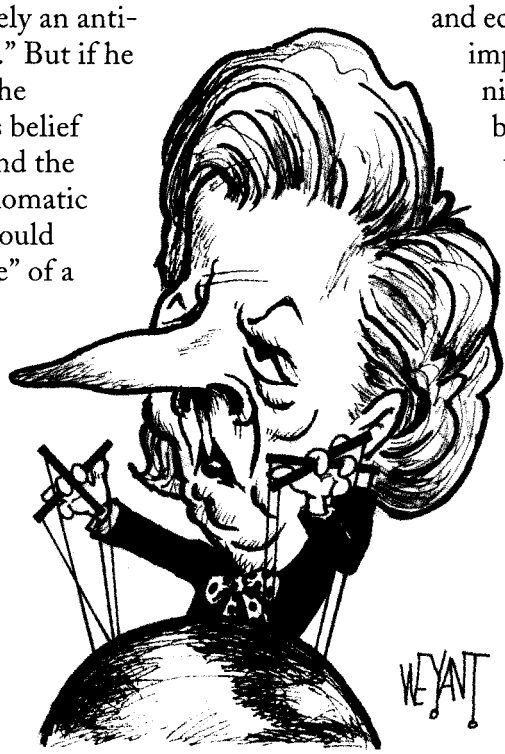
contradiction provides a recipe for statecraft in the post–Cold War era. His book offers a detailed account of the Falkland Islands war, a discussion of Thatcher's difficult relationship with her successive foreign ministers, and an examination of her "diplomacy of support" of the United States (different from her predecessors' policy, aimed at influencing Washington to change its ways, for instance toward milder behavior in the Cold War). Sharp gives Thatcher higher marks for her opposition to European integration than do many of her critics. However, he concludes that her impact on world affairs was rather limited because "by philosophy, instinct and inclination, Thatcher was not a political builder—quite the reverse." Sharp writes with flair and nuance, as when he says, about Germany in 1990, that "Thatcher had no German policy, merely an anti-German disposition." But if he is right about both the virtues of Thatcher's belief in sovereign states and the fact that "all the diplomatic talent in the world could not re-create the role" of a major actor in the Cold War "on British influence and power alone," wouldn't a middle power like the United Kingdom be severely limited in what it could accomplish in essential matters?



Western Hemisphere

KENNETH MAXWELL

The Slave Trade: The Story of the Atlantic Slave Trade, 1440–1870. BY HUGH THOMAS. New York: Simon & Schuster, 1997, 908 pp. $37.50

The Making of New World Slavery: From the Baroque to the Modern, 1492–1800. BY ROBIN BLACKBURN. New York: Verso, 1997, 602 pp. $35.00.

Citizens of the World: London Merchants and the Integration of the British Atlantic Community, 1735–1785. BY DAVID HANCOCK. New York: Cambridge University Press, 1995, 477 pp. $64.95 (paper, $19.95).

Three superior achievements that help explain the resilience of New World slavery and the slave trade to moral and economic challenge and implicitly begin to recognize the lasting contribution the millions of transported and abused human beings made to the formation of the Americas. Thomas points out that five times as many Africans as Europeans went to the New World during the first 325 years of European colonization, and that most of the great enterprises in the Americas rested squarely on the backs of

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African slave labor: from sugar in Brazil and later the Caribbean, to rice and indigo in South Carolina and Virginia, to cotton in the Guianas and later in North America. It is the slave merchants from every European maritime nation that most interest Thomas, as well as the belated rise of abolitionism. His book is marked by his fine writing, exhaustive research, and pithy anecdotes, but gives short shrift to the view from below, and Thomas at times appears overly anxious to stress African complicity in the trade. Blackburn focuses squarely on the economic dimensions of the enterprise, making good use of historians' recent sifting through slave owners' records to recover the daily lives and resistance of slaves. He explicitly takes on the role of slavery and the slave trade in the formation of Western civilization and its economy. Yet due to the breadth of their works, both Thomas and Blackburn lose some of the intimate perspective brilliantly provided by Hancock. Based entirely on new archival sources, Hancock gets inside the slave trade by cleverly and imaginatively reconstructing the lives of 23 successful London merchants. He shows how they made their fortunes and what they did with their wealth, and demonstrates just how close the slave traders stood to the center of the Atlantic commercial system, giving a human face to Thomas and Blackburn's bigger story.

Coffee and Power: Revolution and the Rise of Democracy in Central America. BY JEFFERY M. PAIGE. Cambridge: Harvard University Press, 1997, 432 pp. $45.00.

Paige examines the remarkable transformation between 1979 and 1992 that saw El Salvador, Costa Rica, and Nicaragua embrace democracy and free markets. Yet by examining the role of elite dynasties, he brings to the forefront the resilience and adaptability of the powerful family groupings that remain at the core of these countries' power structures. He shows how the violent conflicts that shook El Salvador and Nicaragua during the 1980s had deep roots in the economic and political crisis of the 1930s, when the left challenged the role of coffee elites across the region. Paige reminds us that "the wealthy elite still faces a poverty stricken population, many outside the market altogether," and that this latter group, the cause of revolution in the past, is again growing. While Central American elites—and U.S. policymakers—believe that the new agro-industrial order will permit them to dispense with authoritarianism and resume the march of progress, Paige demonstrates that none of that should be taken for granted.

Fast Forward: Latin America on the Edge of the 21st Century. BY SCOTT B. MACDONALD AND GEORGES A. FAURIOL. New Brunswick: Transaction Publishers, 1997, 318 pp. $44.95

MacDonald, director for sovereign research at Donaldson, Lufkin, and Jenrette in New York, and Fauriol, Director of the Americas Program at the Center for Strategic and International Studies, have written a generally upbeat and optimistic analysis of the future of Latin America, where they see several countries—Brazil,

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Mexico, and Argentina in particular—as being on the verge of a major historical opportunity to move in "fast forward." Latin America as a whole, they argue, has made remarkable adjustments to pragmatic policies that will make the region an active participant in the global economic game and a close and profitable partner of the United States. Challenges remain, of course—social inequalities, institution-building, increasing national savings, labor reform, and infrastructure development. But they see no reason to minimize the strategic salience of this potential takeoff for the United States, which must redefine its traditionally political and diplomatic interests in broader terms.

The Logic of Privatization: The Case of Telecommunications in the Southern Cone of Latin America. BY WALTER T. MOLANO. Westport: Greenwood, 1997, 138 pp. $55.00.

A timely analysis of four Latin American countries' attempts to sell their public telecommunications companies during the late 1980s and early 1990s. Chile's divestiture of the Chilean Telephone Company was implemented quietly and with little public opposition. In Brazil the privatization of Telebras never emerged from the preliminary debates. In Uruguay heated opposition emerged to the sale of Antel from unions and other interest groups, most powerfully pensioners, upset with the government's reform policies in other areas, and the measure was rejected in a public plebiscite. And in Argentina the legislature repudiated the first attempt at privatization of Entel but ratified a second attempt after the opposition, which had changed its attitude toward the policy, gained power. Molano concludes that the key to success or failure of privatization was not external but lay in the domestic political arena, principally in the political clout of the chief executive and his ability to act early in his administration. But he worries that the influx of foreign capital and new technology, if it should slow as it did in the middle part of the century, will provoke a new round of renationalizations.

Eastern Europe and Former Soviet Republics

ROBERT LEGVOLD

Echoes of a Native Land: Two Centuries of a Russian Village. BY SERGE SCHMEMANN. New York: Alfred A. Knopf, 1997, 350 pp. $27.50.

Even the reader who cares little about Russia will get great pleasure from this book. Everything about it is remarkable. Schmemann, a *New York Times* correspondent, does not just trace his Russian roots, he enlarges the family portrait to reconstruct the life and fate of an entire locale. His ancestors on his mother's side were landed gentry, and the centerpiece of his study is the family manor at Koltsovo, a village 90 miles south of Moscow. Around it he re-creates in sensuous detail life in nineteenth-century rural Russia—the days at the manor, his relatives' social and intellectual life and interaction with peasants, and the way events elsewhere in the country visited this existence. He then traces the impact of the 1917 revolution on the manor, the village, and his family,

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who were summarily driven from their homestead and left to their own devices. Some eventually made their way to Western Europe. Some, like Schmemann's grandfather's youngest brother, who died in the late 1920s in the first of Stalin's gulags, did not. Schmemann worked not only from the artful memoirs of his great-grandfather and grandfather, but also from a remarkable range of notes, photos, letters, and recollections drawn from every corner, including the one-room museum in the manor's former parish school, lovingly maintained by an old woman from the village. Ultimately it is Schmemann's quest, the people he met and came to know, and his many excursions to the village itself (once the authorities, after ten years of refusing, at last let him travel there) that give this book so much life, color, and warmth.

The Soviet Experiment: Russia, The U.S.S.R., and the Successor States. BY RONALD GRIGOR SUNY. New York: Oxford University Press, 1997, 540 pp. $35.00.

"Experiment" is Suny's ultimate characterization of the Soviet story—a 74-year effort to make Marx's socialism work in a country that may have been among the world's least suited for it. Against this backdrop he sets out to "recover the complexities and contradictions of the seventy years of Soviet power, its real achievements as well as its grotesque failings." When he says "complexities," he means it. Into a single history he weaves not only an account of the regime and the turning points shaping it, but of society and culture at every stage and the country's interaction with the outside world. He does all this with great clarity and simplicity, making the book particularly useful to the general reader. But for two reasons a more specialized audience will also benefit. Suny has spent much of his career studying Soviet policy toward internal nationalities, and he incorporates this fateful dimension with particular skill. Second, by making full use of the best of the social history now available on the Soviet Union's first two decades of existence, he provides a more subtle and complete analysis than contained in earlier histories.

Blood Lines: From Ethnic Pride to Ethnic Terrorism. BY VAMIK VOLKAN. New York: Farrar, Straus, and Giroux, 1997, 280 pp. $24.00.

Volkan is a professor of psychiatry at the University of Virginia, where he runs the Center for the Study of Mind and Human Interaction. He turns this specialization into a unique perspective for explaining what leads people of one ethnic group to hate those in another, and then to translate that hate into harm. Aside from the awful and predictable case of Bosnia, he roams from Arab-Israeli enmity to Hungarian-Rumanian frictions, from the Greek-Turkish standoff to the psychology of a Kurdish terrorist leader. A Freudian, he develops striking and surprising associations deep at the root of feeling and action, reminiscent of *Civilization and Its Discontents*. His aim, however, is not merely to expose the psychological wellsprings of the problem, but to show how, when armed with this knowledge, the efforts of me-

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diators from the outside can be made more effective. If one accepts the validity of generalizing from the individual cases on which he builds the analysis, the book provides an interesting and often arresting alternative to the growing mountain of treatises on nationalism and ethnicity produced by political scientists and sociologists.

Czecho/Slovakia: Ethnic Conflict, Constitutional Fissure, Negotiated Breakup. BY ERIC STEIN. Ann Arbor: University of Michigan Press, 1997, 386 pp. $57.50.

The title pretty well identifies the subject of this book, including the slash between "Czecho" and "Slovakia." An emeritus professor of law at the University of Michigan, Stein is Czech-born, but after being back in the country only twice in the 40 years after he left on the eve of World War II, he returned in January 1991 as a member of an ad hoc international commission assembled to help Havel's liberated Czechoslovakia write a new constitution. The task turned out to be quite different. With a detached but sympathetic eye, he tells the story of the inner struggles to work out arrangements for the new federation and then how it all crumbled in the wake of the 1992 elections. As Americans should know from their own history, constitution-writing is a very political process, and, as Stein ably illustrates, it affords an excellent vantage point from which to follow the making and breaking of states. His is a wistful reflection on the effects of nationalism, and not at all a technician's guide to constitutions.

The Enigma of 1989: The U.S.S.R. and the Liberation of Eastern Europe. BY JACQUES LÉVESQUE. Berkeley: University of California Press, 1997, 267 pp. $35.00.

There are now many books describing the collapse of communism in Eastern Europe, nearly all of them focused on the successor states. The Soviet Union stands off to the side, a looming but ambiguous presence. Lévesque offers the first systematic study of the Soviet part in these events. Based on a careful review of contemporary histories, memoirs, limited archival material, and his own interviews with participants, his book reconstructs Mikhail Gorbachev's course from the beginning of perestroika in the mid-1980s through Poland's breakout in spring and summer 1989 to the opening of the floodgates that fall. Out of this story comes the conclusion that the revolution owed much to the Soviet leadership's poor understanding of the deeper forces at work in Eastern Europe and benevolent uncertainty over what to do when faced with the choice of acting.

Freedom's Ordeal: The Struggle for Human Rights and Democracy in Post-Soviet States. BY PETER JUVILER. Philadelphia: University of Pennsylvania Press, 1997, 283 pp. $47.50.

Written by a long-time specialist on the problem of human rights in the Soviet Union, this is basically an optimistic assessment of how far many of the post-Soviet states have come in setting the footings for democratic forms in which human rights will be more secure. Juviler is scarcely naive about the failings to this point, and he devotes an entire section of the book

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to states that have veered down the authoritarian path. He also does not neglect the many inauspicious (mis)steps by the Balts, Ukrainians, Moldovans, Russians, and others normally thought of as in the forefront of the slow movement toward democracy.

Middle East

L. CARL BROWN

The Dream Palace of the Arabs: A Generation's Odyssey. BY FOUAD AJAMI. New York: Pantheon, 1998, 368 pp. $26.00.

This richly textured, informative, and discursive yet coherent book examines the fit—or misfit—between ideas and politics in the Arab world of recent years. The "odyssey" is the ideological journey of those Arab poets, novelists, and scholars who have championed nationalism, modernity, and secularism. Dazzled but then disappointed by dreams such as Nasserist pan-Arabism, imprisoned by harsh regimes and facing either conformity or exile (London and Paris have become Arab intellectual capitals), and now buffeted by religious fundamentalism, these intellectuals, with a few exceptions, are still at sea when it comes to adjusting aspirations to power realities. Such is Ajami's major theme. He uses the lives and ideas of major Arab thinkers to illuminate the ideological underpinnings of Arab politics (Khalil Hawi, who committed suicide in June 1982 just as Israeli troops were entering Beirut, Nizar Qabbani, Adonis, Naguib Mahfouz, Hisham Sharabi, Abdelrahman Munif, and many others). The book ranges widely, moving from class distinctions in Arab society to the different worlds of the Fertile Crescent and the Arabian peninsula, the mindset of Shiite Arabs, and Egypt's distinctiveness. Portraits of the American presence (from the American University of Beirut to officialdom) are also presented. Ironic and insightful, this work is vintage Ajami.

Diplomacy for the Next Century. BY ABBA EBAN. New Haven: Yale University Press, 1998, 183 pp. $24.00.

This little book treats more than the Middle East. It offers a manual for diplomats and a mirror for princes in the grand tradition from de Callières (if not Machiavelli) to Nicolson and beyond. Eban's limpid style and generous use of anecdotes to breathe life into broad generalizations make for a book that even busy twentieth-century princes may find time to read. Israel and the Middle East do, however, figure throughout the book, and the last two chapters present an impassioned brief for a peace of mutual respect and cooperation between Israel and Arafat's Palestine Liberation Organization (PLO) and between Israel and the Arab world. Yes, Eban, always associated with the Israeli Labor Party, blisteringly criticizes Netanyahu and his government. Domestic political infighting? Perhaps, but more likely a seasoned diplomat's valedictory to all who will listen. Retired statesmen can often be candid—and wise.

Allies Divided: Transatlantic Policies for the Greater Middle East. EDITED BY ROBERT D. BLACKWELL AND MICHAEL STÜRMER. Cambridge: MIT Press, 1997, 325 pp. $22.50 (paper).

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Europe and the United States, having the same strategic interests in the "greater" Middle East (from the Maghreb to the Caspian), should have similar policies toward the area. Chapters treating the peace process, the Persian Gulf, Turkey, weapons of mass destruction, and military force projection suggest that existing differences will remain. The leitmotif of most but not all of the chapters is that Americans should consult with Europe more but continue to lead, and that Europeans should craft a more unified policy but that their separate states are unlikely to do so. Seven Americans, six Germans, one Briton, and one Frenchman do a fine job of talking to each other with many references to arguments in other chapters. What's missing? Not a single author is from the Middle East, not even from Turkey, a NATO member. And the states of that area are only dimly seen in terms of their own perceptions and policies. Yes, these states are unstable and several are unfriendly, but since no one proposes a Transatlantic Raj, those many Middle Eastern polities must be factored into any durable solution. In addition, two chapters provide solid overviews of controlling weapons of mass destruction, surely the priority problem facing Europe, the United States, and the Middle East. Two others deftly question American hegemonic thinking.

The PLO and Israel: From Armed Conflict to Political Solution, 1964-1994. EDITED BY AVRAHAM SELA AND MOSHE MA'OZ. New York: St. Martin's Press, 1997, 310 pp. $45.00.

A book bringing together five Palestinians, ten Israelis, and one American on this subject at this time deserves praise, but this is more than a goodwill gesture. The contributors offer strong and well-argued interpretations without pulling their punches (one chapter even has a touch of pre-Oslo PLO bashing). The result is a useful picture of the perceptions, misperceptions, and strategies of Israel and the Palestinians during these crucial three decades. Five chapters treat "The Making of a Palestinian National Movement." Three address regional and international arenas. Four are subsumed under "The Rise and Influence of Local Activists." The final three chapters discuss more directly Israeli-Palestinian relations, past and future. Most chapters are manageably short and to the point. None is really weak, but don't miss Baruch Kimmerling on Israel's "power oriented" approach to settlement or Susan Hattis Rolef's treatment of Israel's policy toward the PLO—two hard-hitting appraisals. Muhammad Muslih's "Study of PLO Peace Initiatives, 1974-1988" crisply presents the case for a PLO edging toward settlement as long ago as the 1970s. The editors' chapter captures that elusive subject—the PLO in regional Arab politics.

The Persian Gulf at the Millennium: Essays in Politics, Economy, Security, and Religion. EDITED BY GARY G. SICK AND LAWRENCE G. POTTER. New York: St. Martin's Press, 1997, 356 pp. $35.00 (paper, $18.95).

Eight Persian Gulf states. One hundred six million people. One regional giant (Iran), two mid-sized states (Iraq and Saudi Arabia), and six statelets whose tiny populations range from a mere 500,000 to 2.4 million (and in three only a minority are citizens). Unstable? The 1980s and 1990s witnessed the devastating Iran-Iraq War

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and Desert Storm. Important? The Persian Gulf states have a whopping 65 percent of the world's proven oil reserves. Isolating the Gulf for study can be useful, and this fine example of integrated group research offers both in-depth and up-to-date coverage, including Sick's "The Coming Crisis in the Persian Gulf," two strategic overviews, an analysis of border issues, and a review of Iranian military capabilities. A chapter on political Islam gets beyond the usual stereotypes. An overview of Islamic law in theory and practice provides the framework for treating actual practice in Saudi Arabia and Iran. "The Islamic Movement: The Case for Democratic Inclusion," concentrating on Iran, is informative and well-reasoned. Two Gulf scholars are represented: Munira Fakhro describes protest movements in Bahrain and Anwar Gargash estimates future developments in the Gulf. There are also chapters on Gulf oil prospects, possible confidence-building measures, and the emerging private sector.

Futile Diplomacy, Vol. 3: The United Nations, the Great Powers, and Middle East Peacemaking, 1948-1954. BY NEIL CAPLAN. Portland: Frank Cass, 1997, 390 pp. $55.00.

Futile Diplomacy, Vol. 4: Operation Alpha and the Failure of Anglo-American Coercive Diplomacy in the Arab-Israeli Conflict, 1954-1956. BY NEIL CAPLAN. Portland: Frank Cass, 1997, 390 pp. $55.00.

This is fine traditional diplomatic history, relying heavily on American, British, and Israeli diplomatic records, plus Arab media to compensate for the relative unavailability of official records from the Arab side. Caplan has also consulted the massive scholarly literature on the subject and carefully addresses its divergent interpretations. These volumes, following on his *Early Arab-Zionist Negotiation Attempts, 1913-1931* (1983) and *Arab-Zionist Negotiations and the End of the Mandate* (1986), are refreshingly old-fashioned in adopting a narrative reconstruction of what the principal actors were thinking and doing at the time. Caplan is concerned to relate what happened, not bring any party to judgment. His books offer a reliable reference for anyone needing to check fine points of the historical record. They can also be read to illuminate the distinctive pattern of Middle Eastern diplomacy (outside powers competing and interacting with regional states or would-be states) that endures despite the many changes since 1948-56.

Rivers of Discord: International Water Disputes in the Middle East. BY GREG SHAPLAND. New York: St. Martin's Press, 1997, 183 pp. $39.95.

This is a straightforward handbook treating the three international rivers in the Middle East—the Jordan, the Nile, and the Tigris-Euphrates. Shapland manages to be succinct but comprehensive in covering physical geography, hydrological factors, the several divergent doctrines and practices in international law concerning rivers, the economic aspects of different approaches to river management, and the diplomatic history and present situation of the several riparian states concerning water resources. With

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clear maps and tables plus an extensive bibliography, this is a useful reference book.

Asia and the Pacific

DONALD ZAGORIA

The Rape of Nanking: The Forgotten Holocaust of World War II. BY IRIS CHANG. New York: Basic Books, 1997, 290 pp. $25.00.

Japan's main strategic concern in China after it had created a puppet state in Manchuria in the early 1930s was to protect it against a surprise attack from Russia. But when general war broke out between Japan and China in 1937, the Japanese General Staff argued that if Chiang Kai-shek's capital of Nanking fell, the Chinese Nationalist government would give in. Nanking was captured in December, and the willingness of army commanders to see this former center of anti-Japanese agitation punished led to one of the most brutal crimes in the long annals of wartime barbarity—the "rape of Nanking," of which this book is the first comprehensive examination. The Japanese army not only looted and burned the defenseless city but carried out mass executions of prisoners of war and systematically raped, tortured, and murdered hundreds of thousands of Chinese civilians. Chang's account, based on extensive interviews with survivors and newly discovered documents, is utterly compelling yet, at the same time, in places unbearable to read. The author is at pains to emphasize that the massacre was a systematic effort designed to terrorize and carried out in full view of international observers, some of whom played heroic roles in trying to stop it. Far from a temporary lapse of military discipline, it lasted seven weeks. Chang concludes with an eloquent appeal to the Japanese government and people to face up to the truth about Japan's wartime government and, most important, to improve education of future generations of Japanese citizens about the massacre. These long-overdue steps are necessary, she says, if Japan is to deserve the respect of the international community.

Cartels of the Mind: Japan's Intellectual Closed Shop. BY IVAN P. HALL. New York: W. W. Norton, 1998, 208 pp. $25.00.

An analysis of the most profound barrier that isolates Japan from the rest of the world. Hall, who has spent nearly three decades in Japan as a correspondent, cultural diplomat, and academic, says Japan systematically blocks access by foreign professionals to intellectual discourse and debate. American lawyers are presented with great difficulties in hiring or forming partnerships with Japanese lawyers. Foreign correspondents are systematically walled off from the most important sources. Foreign scholars are marginalized by a kind of academic apartheid, and foreign students and scientific researchers encounter a variety of institutional and psychological barriers. Finally, Japanese intellectuals and cultural spokesmen manipulate their dialogue with the outside world to deflect scrutiny, squelch criticism, and raise false hopes of intellectual decartelization. The author concludes that the prospects for a more open society, the healthy development of Japan's democratic institutions, a firm refusal to retread the old militarist path, and a constructive role in Asia will be

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worsened if this "exclusionist mentality" is allowed to persist.

Government Policies and Ethnic Relations in Asia and the Pacific. EDITED BY MICHAEL E. BROWN AND ŠUMIT GANGULY. Cambridge: MIT Press, 1997, 607 pp. $25.00 (paper).

This is an outstanding work that opens up new perspectives for understanding ethnic conflict. The book focuses on Asia and the Pacific, and at its heart is a set of case studies of government policies in 16 countries from India to New Zealand written by a multinational team of knowledgeable authors. The book's main conclusion is simple, but important and often neglected. While not the whole story, government policies almost always have a significant impact on the course of ethnic relations and are often decisive in determining whether ethnic problems, which are inherent in multiethnic societies, are resolved peacefully and equitably. Ethnic differences do not have to lead to violence. Thailand, Malaysia, and New Zealand, for example, have experienced little ethnic violence in the last few decades. India, a country of extraordinary ethnic diversity, has stayed together because of the government's commitment to democratic and secular principles, especially religious freedom, and its pursuit of a flexible "three language" policy, in which Hindi is the official national language, English is taught in the schools and encouraged for business, and regional languages are used by state governments. The Sri Lankan government, by contrast, alienated its Tamil minority through a series of misguided ethnically based policies with respect to language, religion, education, and government employment.

Restructuring the U.S.-Japan Alliance: Toward a More Equal Partnership. EDITED BY RALPH A. COSSA. Washington: Center for Strategic and International Studies Press, 1997, 153 pp. $18.95 (paper).

In this useful volume, leading strategic analysts from the United States and Japan examine the rationale of the security relationship between the two countries in light of post–Cold War realities and the overall East Asian geopolitical environment. They argue that the alliance has served, and can continue to serve, the national interests of both countries and that the risks and costs of going it alone would be dangerous and destabilizing. There are a number of useful suggestions, and there is a particularly cogent essay by the editor, which seeks to expose a number of the prevalent myths about the alliance. For example, there is the false idea that Japan gets a free ride on defense. In fact, even with U.S. security guarantees, Japan's defense budget is the second-largest in the world (after the United States').

Africa

GAIL M. GERHART

Political Reform in Francophone Africa. EDITED BY JOHN F. CLARK AND DAVID E. GARDINIER. Boulder: Westview Press, 1997, 318 pp. $69.00 (paper, $24.00).

This excellent collection surveys the

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causes of political change in French-speaking Africa in the five years following President François Mitterrand's dramatic announcement at La Baule in June 1990 that France would make aid contingent on progress toward democracy. Democratic values had previously figured little in France's special relationship with francophone Africa, and even before Jacques Chirac replaced Mitterrand in 1995, backpedaling began. France helped rig Gabon's 1993 presidential election to ensure the return of Omar Bongo, for example, and propped up the venal Juvénal Habyarimana regime in Rwanda, making it unnecessary for Hutu hard-liners to give in to pressure for power-sharing with their Tutsi rivals. Nevertheless, the La Baule opening catalyzed reform pressures in many of sub-Saharan Africa's 20 French-speaking countries, 13 of which are ably profiled here in individual chapters that emphasize the distinctive features of the francophone political tradition as well as more familiar factors (ethnicity, class, economic underdevelopment, civil society's weaknesses) affecting the momentum away from autocracy.

Africa and the International System: The Politics of State Survival. BY CHRISTOPHER CLAPHAM. New York: Cambridge University Press, 1996, 340 pp. $59.95 (paper, $19.95).

This important book proposes a major overhaul of the conventional framework for analyzing international relations in Africa. Taking off from the fertile concept of "juridical statehood"—that is, legal but not substantive statehood—posed a decade ago by Carl Rosberg and Robert Jackson, the author, a leading British Africanist, argues that the sovereignty of most African states was never much more than a convenient myth, even before the World Bank's imposed structural adjustment programs of the 1980s and 1990s resulted in the virtual recolonization of much of the continent. In all sorts of ways not usually perceived as interconnected and cumulative, he explains, international considerations during the Cold War—trade, aid, investment, arms purchases, externally backed insurgencies—shaped and determined the domestic political strategies of African rulers in search of resources to maintain themselves in power. African states and those who have ruled them, in short, have in large measure been products of the international system.

Africa's Choices: After Thirty Years of the World Bank. BY MICHAEL BARRATT BROWN. Boulder: Westview Press, 1996, 433 pp. $75.00 (paper, $24.00).

Most observers dispute the reasons why but not the fact that the World Bank's programs of structural adjustment have done little to arrest African economic decline. While some experts favor stiffer doses of the bank's medicine, others argue that the basic prescription is faulty and even contributes to the political and social instability that reinforces economic malaise. Brown, a severe critic of the bank and most Northern-directed trade, aid, and lending programs aimed at the poorer nations of the South, sets out an assortment of alternative proposals for African recovery, many of them probably overly idealistic in light of prevailing political tendencies in both donor and recipient countries. His unifying ideas, backed up in varying degrees by statistics, anecdotal evidence, and moral exhortation, are that Africans, especially those at the

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grass roots, know best and must unite to empower themselves, that cooperation is more productive than competition, that rich nations have a duty to cancel the crippling debts of the poor, and that enlightened opinion in the North must rally in support of more generous terms of trade and lending if Africa is ever to break out of its cycle of underdevelopment.

Apartheid's Last Stand: The Rise and Fall of the South African Security State. BY CHRIS ALDEN. New York: St. Martin's Press, 1996, 333 pp. $69.95.
Responding to what they saw as a "total onslaught" by communist-inspired revolutionary forces opposed to minority rule, the leaders of South Africa's National Party in the late 1970s developed a broad counterrevolutionary strategy combining incremental social and economic amelioration of conditions for the black majority with tightly controlled political reform. This carefully researched and remarkably objective study analyzes the evolution of policies, institutional changes, and implementation measures associated with this strategy. Alden demonstrates that although South Africa's rulers successfully thwarted violent revolution, they badly underestimated the importance of winning international approval, failed to move fast enough to implement their designs for reform, and could not formulate political goals legitimate in the eyes of the suppressed and increasingly well-organized majority. No attempt is made to penetrate the political black box of the National Party's internal policy conflicts, which remains an under-researched area.

Frontline Diplomacy: Humanitarian Aid and Conflict in Africa. BY JOHN PRENDERGAST. Boulder: Lynne Rienner, 1996, 165 pp. $12.00 (paper).
A valuable addition to the growing literature on humanitarian aid and its repercussions in civil and international conflicts. The author distills the observations of dozens of veteran aid agency personnel in Sudan, Somalia, Ethiopia, and the Great Lakes region into a pragmatic guide for policymakers and less-experienced practitioners. The central themes are how aid can exacerbate conflict and how this impact can be minimized by donors who assess needs correctly and recognize the myriad but well-documented pitfalls of involvement. Equally important are two final chapters of practical advice on how nongovernmental organizations by taking a well-formulated proactive position can best help to lay the foundations for future peace and security in today's warring regions.

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Response

Defending Democracy

Why Democrats Trump Autocrats

John Shattuck and J. Brian Atwood

Fareed Zakaria observes that an increasing number of democratically elected governments are abusing their powers and repressing civil rights ("The Rise of Illiberal Democracy," November/December 1997). He contends that instead of promoting elections, U.S. policy should concentrate on consolidating existing democracies that respect civil liberties, the rule of law, and a separation of powers between government institutions. Proclaiming constitutional liberalism to be a necessary precondition for "liberal democracy," Zakaria asserts that without it, elections will inevitably lead to what he calls "illiberal democracy," bringing extreme nationalism, ethnic conflict, and war. He proposes that instead of coddling illiberal democrats, the United States should endorse "liberal autocracies" in less developed nations—governments that, though not democratically elected, respect individual rights.

There are three flaws in Zakaria's argument. First, he mischaracterizes current U.S. democracy assistance, suggesting that it is aimed only at promoting elections. Second, he downplays the political repression of seemingly benevolent autocratic regimes. Third, he relies on questionable evidence to demonstrate that democratization exacerbates rather than reduces social tensions.

OPEN IS BETTER

Over the last decade, indigenous forces in Central Europe, Latin America, and parts of Africa and Asia have succeeded in pressuring their governments to democratize by demanding more political rights, less arbitrary rule, and free elections. U.S. diplomacy and assistance programs

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have supported this process, promoting not only elections, but also the creation of legislatures, judiciaries, executive agencies, independent media, trade unions, and a plethora of nongovernmental organizations (NGOs). In fact, the United States Agency for International Development, the primary U.S. vehicle for funding democracy promotion, spends less than 25 percent of its democracy funds on elections.

U.S. democracy assistance helps governments and NGOs in Africa, Central America, the Balkans, the Caucasus, Haiti, and elsewhere to institutionalize the rule of law and foster greater respect for human rights, which means building independent judiciaries and public support for their role. These and other institutions are essential to safeguarding basic freedoms, protecting ethnic and religious minorities, promoting decision-making according to rules rather than by fiat, and providing social stability and reliable methods of dispute resolution.

U.S. democracy-promotion policy is based on the realistic premise that in today's global market, open societies with democratic governance have the best chance to produce stable and equitable economic development. But Zakaria argues that because liberal autocracies are insulated from interest-group politics, they have greater freedom to act on behalf of economic development than democracies. Enlightened autocrats are purportedly able to ignore short-term interests in favor of the long-term welfare of society as a whole. They can pursue the disciplined fiscal and monetary policies needed for sustained economic growth. It is certainly true that some autocratic regimes, particularly in Asia, have produced impressive economic gains, but the current Asian economic crisis underlines the need for greater transparency and openness in these societies as a bulwark against corruption and economic mismanagement.

Political pluralism, including a free press and a political opposition, generates more and better information for use in economic decision-making. Consider, for example, economist Amartya Sen's research on government responses to economic calamities such as drought. According to Sen, democratic governments are better than autocratic governments at mitigating the effects of drought because they are open to receiving negative information and political pressure to respond with appropriate policies. One need only compare the modest economic effect of the recent drought in democratic Botswana with the famines that occurred under similar circumstances in Sudan and North Korea to verify this observation.

Democratic competition can also increase the incentive for officials to resist corruption. Facing regular elections, an organized opposition, and a free media, political leaders in democratizing societies have less room for wheeling and dealing. In addition, the legitimacy that elected leaders gain through the democratic process enables them to appeal to the electorate to endure the temporary hardships brought by economic reform. Many of the current economic problems in East Asian countries stem from a lack of government accountability and transparency in the management of banks and other financial institutions. Not surprisingly, Thailand and the Republic of Korea, with their increasingly democratic cultures, have begun to embrace the reforms needed to address these problems. Indonesia, with one of the least open politi-

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cal systems in the region, was initially reluctant to reform.

Zakaria greatly underestimates the high costs of authoritarianism. Examples abound. Poverty has skyrocketed under Burma's military junta, and autocratic leaders such as Ferdinand Marcos and Mobutu Sese Seko presided over economic decline and egregious maldistributions of wealth. While better than these regimes, Zakaria's liberal autocrats look liberal only in comparison with the totalitarian rulers that preceded them. The abuse of human rights and repression of political choice make these autocracies poor alternatives to governments committed to democratization. Of course, emerging democracies are far from perfect, but as messy and complex as the growth of democratic culture is, the United States should be more willing to err on the side of those who are struggling for democracy than to throw in its lot with autocratic leaders who are likely to abuse their powers.

ROADS TO DEMOCRACY

Equally fallacious is the claim that democracy develops from some preconceived formula, with one ingredient preceding another. Zakaria's view that the development of constitutional liberalism must come before electoral democracy simply ignores the facts. There are many countries in which representative government predated the protection of civil and political liberties. South Korea and Taiwan are recent examples. The related argument that economic development must precede democracy ignores the fact that many countries, from Costa Rica and Poland to the Philippines and Botswana, have found that the road to democracy also leads to economic prosperity. The successful democratic transitions in African nations such as Benin, Mali, South Africa, and Namibia further demonstrate that neither a tradition of equal opportunity nor widely distributed wealth must come before political freedom. In short, political liberalization, economic development, and the protection of human rights are all tied together. For this reason, U.S. policy addresses them simultaneously, not in sequence.

Finally, Zakaria and others have contended that without constitutional liberalism, electoral democracy invariably leads to ethnic strife. This argument is belied by the effects of electoral pluralism in providing a safety valve for ethnic differences in many central and east European states and the newly independent states of the former Soviet Union. By the same token, some degree of pluralism and more moderate leadership have resulted from the series of elections in Bosnia over the last two years. In fact, in January 1998, Milorad Dodik, an avowed moderate with Western sympathies, was elected prime minister of the Bosnian Serb Republic. Elections have also allowed Bosnian Serb President Biljana Plavsić to stake out more moderate positions, breaking with the Pale leadership. Opposition parties have won as much as 30 percent of the vote in municipal elections, a sign that the extreme hard-line nationalists loyal to wartime Serb leader Radovan Karadžić are losing ground.

Democratization is a long and complex struggle, constantly marked by advances and setbacks. Elections, of course, are only part of the process of developing democratic culture, and they are certainly

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not a panacea for societies torn by conflict or countries wracked by poverty or economic crisis. But this does not mean that the United States should pull back from efforts to promote elections abroad; rather, it means that it should provide long-term assistance, in a wide variety of ways, to foster the growth of civil society, basic freedoms, the rule of law, and democratic culture wherever they have a reasonable chance of taking hold. Building democratic culture and institutions is worthwhile not because it is easy, but because the long-term rewards—increased stability, prosperity, and enrichment of the human spirit—make it worth the effort.

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Response

Liberalism and Democracy

Can't Have One Without the Other

Marc F. Plattner

Less than a quarter-century ago, democracy appeared to be confined, with a few exceptions, to North America and Western Europe. These nations had advanced industrial economies, sizable middle classes, and high literacy rates—factors that many political scientists regarded as prerequisites for successful democracy. They were home not only to free and competitive multiparty elections but also to the rule of law and the protection of individual liberties. In short, they were what had come to be called "liberal democracies."

In the rest of the world, by contrast, most countries were neither liberal nor democratic. They were ruled by a variety of dictatorships—military, single-party, revolutionary, Marxist-Leninist—that rejected free, multiparty elections (in practice, if not always in principle). By the early 1990s, however, this situation had changed dramatically, as an astonishing number of autocratic regimes around the world fell from power. They were generally succeeded by regimes that at least aspired to be democratic, giving rise to the phenomenon that Samuel P. Huntington termed the "third wave" of democratization. Today, well over a hundred countries, in every continent in the world, can plausibly claim to have freely elected governments.

Outside of Africa, few of these aspiring new democracies have suffered outright reversions to authoritarianism. But many, even among those that hold unambiguously free and fair elections, fall short of providing the protection of individual liberties and adherence to the rule of law commonly found in the long-established democracies. As Larry Diamond has put it, many of the new regimes are "electoral democracies" but not "liberal democracies." Citing Diamond's distinction, Huntington

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has argued that the introduction of elections in non-Western societies may often lead to victory by antiliberal forces. And Fareed Zakaria has contended that the promotion of elections around the world has been responsible for "the rise of illiberal democracy"—that is, of freely elected governments that fail to safeguard basic liberties. "Constitutional liberalism," Zakaria argues, "is theoretically different and historically distinct from democracy . . . . Today the two strands of liberal democracy, interwoven in the Western political fabric, are coming apart in the rest of the world. Democracy is flourishing; constitutional liberalism is not." Drawing upon this distinction, Zakaria recommends that Western policymakers not only increase their efforts to foster constitutional liberalism but diminish their support for elections, and suggests that "liberal autocracies" are preferable to illiberal democracies.

DECONSTRUCTING DEMOCRACY

The basic distinction made by all these authors is both valid and important. Liberal democracy—which is what most people mean today when they speak of democracy—is indeed an interweaving of two different elements, one democratic in a stricter sense and the other liberal. As its etymological derivation suggests, the most basic meaning of the word "democracy" is the rule of the people. As the rule of the many, it is distinguished from monarchy (the rule of one person), aristocracy (the rule of the best), and oligarchy (the rule of the few). In the modern world, where the sheer size of states has rendered impossible the direct democracy once practiced by some ancient republics, the election of legislative representatives and other public officials is the chief mechanism by which the people exercise their rule. Today it is further presumed that democracy implies virtually universal adult suffrage and eligibility to run for office. Elections, then, are regarded as embodying the popular or majoritarian aspect of contemporary liberal democracy.

The word "liberal" in the phrase liberal democracy refers not to the matter of who rules but to the matter of how that rule is exercised. Above all, it implies that government is limited in its powers and its modes of acting. It is limited first by the rule of law, and especially by a fundamental law or constitution, but ultimately it is limited by the rights of the individual. The idea of natural or inalienable rights, which today are most commonly called "human rights," originated with liberalism. The primacy of individual rights means that the protection of the private sphere, along with the plurality and diversity of ends that people seek in their pursuit of happiness, is a key element of a liberal political order.

The fact that democracy and liberalism are not inseparably linked is proven by the historical existence both of nonliberal democracies and of liberal nondemocracies. The democracies of the ancient world, although their citizens were incomparably more involved in governing themselves than we are today, did not provide freedom of speech or religion, protection of private property, or constitutional government. On the other side, the birthplace of liberalism, modern England, retained a highly restricted franchise well into the nineteenth century. As Zakaria points out, England offers the classic example of democratization by a gradual extension of suffrage well after the essential institutions of constitutional liberalism were

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already in place. In our own time, Zakaria offers Hong Kong under British colonial rule as an example of a flourishing of liberalism in the absence of democracy.

ALL MEN ARE CREATED EQUAL

Although "unpacking" the component elements of modern liberal democracy is a crucial first step toward comprehending its character, overstating the disjunction between liberalism and democracy can easily lead to new misunderstanding. While many new electoral democracies fall short of liberalism, on the whole, countries that hold free elections are overwhelmingly more liberal than those that do not, and countries that protect civil liberties are overwhelmingly more likely to hold free elections than those that do not. This is not simply an accident. It is the result of powerful intrinsic links between electoral democracy and a liberal order.

Some of these links are immediately apparent. Starting from the democratic side, elections would seem to require the guarantee of certain civil liberties—the freedoms of speech, association, and assembly—if they are to be genuinely free and fair. Thus even minimalist definitions of democracy offered by political scientists usually include a stipulation that such liberties must be maintained at least to the extent necessary to make possible open electoral competition. If we begin instead with the human rights mandated by the liberal tradition, these are generally held today to include some kind of right to electoral participation. Thus Article 21 of the U.N. Universal Declaration of Human Rights states: "Everyone has the right to take part in the government of his country, directly or through freely chosen representatives . . . The will of the people shall be the basis of the authority of the government; this will shall be expressed in periodic and genuine elections which shall be by universal and equal suffrage and shall be held by secret vote or by equivalent free voting procedures." One may regard this as a formal or even merely definitional link between liberalism and electoral democracy, but it points to a more profound kinship.

For the political doctrine at the source of liberalism also contains a deeply egalitarian and majoritarian dimension. This is the doctrine that all legitimate political power is derived from the consent of individuals, who are by nature not only free but equal. In the opening pages of his *Second Treatise of Government*, John Locke states that men are naturally in "a state of perfect freedom," which is "a state also of equality, wherein all the power and jurisdiction is reciprocal, no one having more than another: there being nothing more evident, than that Creatures of the same species and rank promiscuously born to all the same advantages of Nature, and the use of the same faculties, should be equal one amongst another without Subordination or Subjection." The essential point is that no man has a natural claim to rule over another, and its clear corollary is that the rule of man over man can be justified only on the basis of a mutual agreement or "compact."

Now it is true that neither Locke nor his immediate successors concluded from this that democracy was the only legitimate form of government. For while they held that the consent of all is essential to the original compact that forms a political community, they also contended that the political community is free to decide where it chooses to bestow legislative power—whether it is in a democracy, an

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oligarchy, a monarchy, or a mix, as it was among the King, Lords, and Commons in England. Liberalism did not originally insist on democracy as a form of government, but it unequivocally insisted upon the ultimate sovereignty of the people. Thus Locke argues that if the legislature is dissolved or violates its trust, the power to institute a new one reverts to the majority of the people.

In order to grasp the distinctive character of liberal egalitarianism, it is necessary to appreciate how different modern liberal democracy is from the premodern (and truly illiberal) democracy of the ancient city. Reliance on elected representation in the legislature, the key political institution of modern liberal democracy, was understood by its proponents as a decisive departure from ancient democracy. The authors of *The Federalist* frequently contrast two very different kinds of "popular government." They write in favor of a "republic" ("a government in which the scheme of representation takes place"), which they argue need not be subject to the infirmities of "a pure democracy" ("a society consisting of a small number of citizens who assemble and administer the government in person," *Federalist* 10). In pure or direct democracies, they contend, "there is nothing to check the inducements to sacrifice the weaker party or an obnoxious individual," and therefore they "have ever been found incompatible with personal security or the rights of property." Later, in *Federalist* 63, acknowledging that the principle of representation was not unknown to the ancients, Madison states: "The true distinction between [ancient democracies] and the American governments *lies in the total exclusion of the people in their collective capacity*, from any share in the *latter*, and not in the *total exclusion of the representatives of the people* from the administration of the *former*" (italics in original). In short, modern liberal democracy from the outset was inclined to minimize the direct political role of the people. In this sense, Zakaria is on solid ground in stressing the antimajoritarian aspects of liberalism.

In part, of course, the substitution of representative government for direct democracy was justified by the larger size of modern states, which made it impractical for the whole people to assemble. But this very fact had led thinkers like Montesquieu and Rousseau to conclude that democratic or republican government was possible only in a small state, and Rousseau to assert that "the moment that a people gives itself representatives, it is no longer free." There was, however, another ground used to justify representative government. In Madison's words, it "would refine and enlarge the public views by passing them through the medium of a chosen body of citizens, whose wisdom may best discern the true interest of their country and whose patriotism and love of justice will be least likely to sacrifice it to temporary or partial considerations." In other words, elected representatives are expected to be superior to the average citizen. In the ancient democracies, by contrast, most public officials were chosen by lot. In *The Politics*, Aristotle characterizes lot as the democratic mode of choosing officials, and election as the oligarchic mode. Montesquieu reiterates this judgment, adding, "The suffrage by lot is a method of electing that offends no one, but animates each citizen with the pleasing hope of serving his country." Where elections are used instead, those chosen

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tend to be richer, better educated, and more talented than most of their fellow citizens. In this light, representative or electoral democracy, besides largely eliminating the people from direct participation in self-government, also seems to constitute an aristocratic deviation from political equality.

BY AND FOR THE PEOPLE

Yet there is another sense in which modern liberal, representative democracy is much more egalitarian than was ancient democracy. In the latter, the citizens entitled to participate in public affairs invariably represented a relatively small percentage of the overall population. Not only were large numbers of slaves and resident aliens excluded, but women had no role in political affairs. Preliberal democracy, the direct democracy of the ancient city, was not based on any concept of the fundamental, natural equality of all human beings. It is true, of course, that modern representative government for a long time excluded the poor and all women from political participation, and in the United States even coexisted with slavery. But it is no less true that these kinds of exclusions were always in tension with the underlying principle of liberalism—namely, that all human beings are by nature free and equal. The historical development of this principle inevitably transformed liberalism into liberal democracy.

It is one thing to claim that the majority of people in a traditional and hierarchical society have somehow given their tacit consent to a political arrangement in which they are excluded from having any voice. Popular sentiment in seventeenth-century England, if there had been a way of measuring it, might well have approved of a monarchical political system. But as the principle that all men are created equal gained currency, and as the educational and economic situation of the common people continued to improve, it was only to be expected that some of them would begin to demand the vote. And once they began to do so, how could it any longer be claimed that they consented to a political order in which they had no say? Popular sovereignty without popular government may be coherent in theory and even sustainable in practice for a time. Over the long run, however, popular sovereignty can hardly fail to lead to popular government.

Thus it is not surprising that throughout the Western world, liberal, constitutional regimes became more and more democratic during the nineteenth and twentieth centuries. The share of legislative power wielded by monarchs or unelected bodies receded until it had virtually disappeared. At the same time, suffrage was gradually broadened. Property qualifications and exclusions on the basis of race or sex were eliminated, to the point where "universal and equal suffrage" was endorsed by the world community in 1948 as a human right.

The moral grounds for extending suffrage are succinctly stated by John Stuart Mill in his *Considerations on Representative Government*, published in 1861. "It is a personal injustice," Mill argues, "to withhold from anyone, unless for the prevention of greater evils, the ordinary privilege of having his voice reckoned in the disposal of affairs in which he has the same interest as other people . . . No arrangement of the suffrage, therefore, can be permanently satisfactory in which any person or class is peremptorily

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excluded, in which the electoral privilege is not open to all persons of full age who desire to obtain it." On these grounds Mill also argues for the extension of the franchise to women. Yet this does not prevent him from arguing against granting the vote to illiterates and to recipients of parish relief (i.e., welfare); he also proposes that multiple votes be allotted to the educated and professional classes. Today, such departures from universality and equality in the allocation of the franchise seem shockingly "elitist." No arguments for "the prevention of greater evils" are reckoned as sufficiently powerful to overbalance the injustice of denying any citizen an equal vote.

MAKING DEMOCRACY WORK

There is another respect in which Mill's *Representative Government* is repugnant to contemporary sensibilities—namely, its justification of colonialism. For Mill, representative government "is the ideal type of a perfect government," but it is not applicable under all social conditions. In particular, it is ill suited to "barbarous" or "backward" peoples, who are likely to need some form of monarchical or (preferably) external rule to bring them toward the state of civilization in which they might become fit for representative government.

In part, Mill's argument in favor of colonialism is grounded in a dubious doctrine of historical progress (or of "modernization," as we would say today). Yet there is another basis for Mill's contention that representative government is not applicable under all conditions that is not easily dismissed. As he puts it, "representative, like any other government, must be unsuitable in any case in which it cannot permanently subsist." If people do not value representative government, if they are unwilling to defend it, if they are unable to do what it requires, then they will not be able to maintain it. Thus it would be vain to expect that it would serve them well.

The concern with making democracy able to maintain itself, with training and spurring the people to do what is needed to make democracy work, is certainly not outdated. It is at the heart of most programs of "democracy assistance" now being provided to new democracies by Western governments, international and regional organizations, and nongovernmental organizations alike. It is at the root of the central concern today of political scientists who study new democracies—the problem of consolidation, or how to bring a democratic regime to the point where its breakdown becomes extremely unlikely. And it explains the widespread attention to issues of citizenship and civil society today, not only in new democracies but in long-established ones as well. These concerns reflect the irreducible fact that making self-government work is not easy. A democratic government can be given to any people, but not every people can maintain it. But what is to be done in the case of a people that is not, at least for the time being, capable of making democracy work? Mill's answer to this question was colonial rule. What is ours? That is the question implicitly raised by Zakaria's article.

The difficulty in answering it points to an acute tension within the modern democratic tradition between the liberal doctrine of just or legitimate government and the practical requirements of popular government. (In *The Social Contract*,

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Rousseau says that "all legitimate government is republican." But later in the same work he says that "freedom is not a fruit of every climate, and it is not therefore within the capacity of every people.") The principle that all men are born free and equal, and that no one has a right to rule them without their consent, has now swept the world. As I have argued above, this has inevitably come to be understood as meaning that they cannot be ruled without their clearly expressed consent, in the form of an election. Yet the experience of past ages and of many lands suggests that this principle cannot be effectively put into practice everywhere and immediately. The failure in the 1960s of so many of the democracies bequeathed by the departing colonial powers once again demonstrated the fact that under certain conditions democracy is unlikely to endure. But if democratic government is required everywhere in principle, what course can a good liberal democrat follow where it appears unable to work in practice? This conundrum largely accounts for the alternating cycles of euphoria and despair about the prospects for the spread of liberal democracy.

How does Zakaria suggest that this dilemma be resolved? He contends, first, that constitutionalism, the rule of law, and the protection of individual liberty are more essential than representative government. Accordingly, he recommends that, rather than encouraging the introduction of elections in many developing countries, Western policy should favor the establishment of "liberal autocracy." As noted above, the prime example of liberal autocracy that he presents is nineteenth-century Europe, where the introduction of constitutional liberalism by monarchical governments preceded democratization. It has often been remarked that the sequence of first liberal constitutionalism, then gradual democratization, can have advantages in accustoming people to the requirements of self-government. But is this a practical strategy today?

During the nineteenth and early twentieth centuries, democratization proceeded in a context in which more traditional principles of social hierarchy still had a considerable hold over the popular imagination. The idea of equality had not been fully accepted as the preeminent principle of political legitimacy. Monarchy and aristocracy still prevailed in most of Europe, so that even a limited legislative role for an assembly elected with a restricted suffrage could seem like progress toward popular government. Today the situation is dramatically different. There are only a few countries—principally Islamic monarchies—in which anything like traditional rule still holds sway. In these cases, perhaps the nineteenth-century European model can to some extent be emulated. Elsewhere, existing autocracies—or the regimes that aspiring democracies have replaced—are generally ideological rather than traditional regimes and espouse some kind of egalitarian doctrine of their own. In a post-communist or formerly one-party socialist regime, what principle could be accepted as a basis for restricting suffrage? And what legitimate mechanism other than election could be used for deciding who will rule?

The only example in the contemporary world of liberal autocracy that Zakaria explicitly cites is British-ruled Hong Kong. Yet he certainly does not seem prepared to recommend a revival of colonialism.

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Earlier in this decade, there was a flurry of discussion of the problem of "failed states"—former client states of the superpowers during the Cold War that threatened to collapse once the support of their patron had been withdrawn. Amid the talk of a new world order, there seemed to be some inclination to have the "international community" intervene in such cases, in effect reviving something like colonial rule under the aegis of the United Nations. Whatever the merits or the feasibility of this idea, the fiasco of the U.S. attempt at political (as opposed to humanitarian) intervention in Somalia, along with the proliferation of states that might have been candidates for such costly international reconstruction operations, quickly made it clear that the political will for this kind of policy was lacking.

The practical model that Zakaria seems to have in mind is the economically successful (at least until recently) autocracies of East Asia. Yet it would surely be questionable to assert that these autocracies are genuinely constitutional or liberal, a fact that Zakaria himself seems to recognize by characterizing Indonesia, Singapore, and Malaysia not as "liberal" but only as "liberalizing" autocracies. It would be implausible indeed to claim that these states more reliably protect individual rights or have more independent and impartial judiciaries than the Latin American democracies that Zakaria describes as "illiberal." Even the Singaporeans themselves, while claiming to practice democracy, acknowledge that their regime, to quote Singapore's U.N. Ambassador, Bilahari Kausikan, "has never pretended or aspired to be liberal." Thus, despite Zakaria's talk of constitutionalism and individual rights, he seems to wind up taking the much more familiar view that authoritarian capitalist development is the most reliable road to eventual liberal democracy.

The economic achievements of these East Asian autocracies have certainly been impressive, but so have been the economic achievements of East Asian democracies, beginning with Japan. This is not the place to enter into the complex and hotly contested argument about to what extent, if at all, authoritarian rule has been responsible for Asian economic development. What is clear, however, is that in the rest of the world the overall record of autocracies in promoting economic development, let alone the growth of constitutional liberalism, has been poor. As Mill noted, the same shortcomings that make a people poorly prepared for representative government are also likely to be found in its unelected rulers. Wise and benevolent despots are the exception, not the rule.

A LOOK INSIDE THE BALLOT BOX

It was only to be expected that, as countries around the world replaced their autocratic regimes with freely elected ones, they would encounter serious difficulties in making democracy work. Self-government is indeed difficult, and holding elections is merely one step in a long and arduous process that, in the best case, will culminate in a consolidated liberal democracy. Electorates can make bad choices as well as good or (most often) mediocre ones. Demagogues can use electoral campaigns to appeal to voters' worst instincts, including ethnic or religious intolerance (although the number of new democracies in which candidates have succeeded on the basis of such appeals is far fewer than

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might have been expected). But in any case, how often can elections themselves be plausibly cited as the cause of problems that would not have been just as likely to persist or arise under a nonelected government? African voters, for example, may often cast their ballots along ethnic or tribal lines, but in how many African countries have dictatorial governments achieved real ethnic accommodation, rather than merely the domination of some groups by others? Most new democracies are undoubtedly confronting severe challenges, but almost none of these would be overcome by abolishing elections.

It is also true that, beyond peacefully getting rid of a bad and unpopular government (which is no small accomplishment), elections by themselves do not solve most other political problems. For this and other reasons, prudence counsels against hastily pushing elections on a fairly stable, decent, and moderate nondemocratic regime, especially in a country where the strongest opposition forces are not themselves well disposed toward liberal democracy. This, however, is a lesson that most Western governments, inherently inclined toward diplomatic caution, hardly need to be taught. In fact, their adherence to such a policy is a frequent complaint of those who accuse Western governments of being too friendly with nondemocratic governments, especially in the Arab world.

There are arguably cases where elections have made things worse, as in Angola in 1992, where Jonas Savimbi's refusal to accept his defeat in a U.N.-supervised election led to a violent escalation of that country's civil war. Yet despite some serious setbacks, most recently in Cambodia, the overall record of attempts to use internationally supervised elections as a method of conflict resolution for countries embroiled in civil strife has been surprisingly positive. This relatively recent innovation, first attempted in Nicaragua in 1990, combines peacemaking with democracy-building, but is driven primarily by the former goal. Thus elections are often held under extraordinarily difficult circumstances and at times that would not have been chosen if democracy-building were the only goal. Nonetheless, such elections have not only brought a number of bloody civil wars to a halt, but in countries like Mozambique and El Salvador have had positive political results as well. Even if such countries today are merely illiberal democracies, they are manifestly much better off than if they were still racked by civil war. Afghanistan, a country that did not undergo an electoral process and faces continuing civil war and the rule of an extremist and intolerant Islamist government, does not present a very attractive alternative model.

In more typical cases of democratic transition, where an authoritarian government either is overthrown or negotiates an agreement with domestic opposition forces on the creation of a new regime, the timing of "founding elections" can be a matter of critical importance for the success of an emerging democracy. In such cases there is room for reasonable disagreement about how soon to hold elections. Amid the devastated political landscape of the post-Mobutu Congo, for example, even those committed to trying to move the country in a democratic direction are divided about both the practicability and the desirability of conducting early elections. At the same time, it is difficult to see how dispensing with elections would lead the Kabila government to

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move toward "constitutional liberalism," or how such unaccountable rule would be preferable to "illiberal democracy."

IF AT FIRST YOU DON'T SUCCEED

In such unfavorable situations, of course, electoral democracies may simply be unable to endure. The history of democratization is replete with failed attempts. That is why the pattern discerned by Huntington is also characterized by "reverse waves," periods when democratic breakdowns far outnumber democratic transitions. But the overall trend, nonetheless, is for more and more countries to become and remain democratic. Moreover, the historical record shows that countries that have had an earlier experience with democracy that failed are more likely to succeed in a subsequent attempt than countries with no previous democratic experience. So even if democracy breaks down, it can leave a legacy of hope for the future.

Now that a growing number of countries lacking the standard social and economic "prerequisites" for democracy have gained the privilege of electing their own leaders, it is not surprising that these new regimes often have serious deficiencies with respect to accountability, the rule of law, and the protection of individual liberties. There is every reason for Western nations to do all they can to assist these countries in improving their electoral democracies and turning them into liberal democracies. It is precisely the illiberal democracies that Zakaria maligns that are likely to be the most receptive audience for the promotion of constitutional liberalism that he recommends. For the road to constitutional liberalism in today's world runs not through unaccountable autocracies but through freely elected governments.

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Letters to the Editor

Robert Gerald Livingston on Europe's Future; John Gibbons on Climate Change; John Osborn on Bureaucrats; Carl Vuono & Crosby Saint on Odom; and others

THE EURO AND PEACE

To the Editor:

Martin Feldstein predicts dire consequences if the European Monetary Union comes into being, particularly if it is followed by progress toward political union and a common defense policy ("EMU and International Conflict," November/December 1997.) At the heart of his analysis are anticipated tensions over economic transfers from the most prosperous states to the poorer ones—tensions, he predicts, that could lead to war within Europe.

Economists like Feldstein may decry the collectivist and redistributionist ethic that is still alive and rich in northern European countries like Germany. But it is that ethic, together with the Germans' renunciation of hegemonic ambitions, that will ensure peace. For the last seven years, German taxpayers in the west have, with little complaint, transferred over $100 billion annually to the eastern part of the country—more in constant dollars than the United States transferred to all of Western Europe during the entire three years of the Marshall Plan.

Feldstein also downgrades the peace-producing achievement of the European Union through a faulty historical parallelism. Europe did not enjoy "more than 50 years of peace after the Congress of Vienna" in 1815; it endured the Greek war of independence in 1821, a Russo-Turkish war in 1828, armed upheaval all over Europe in the revolutionary year of 1848, the Crimean War from 1854 to 1856, war between Austria and France from 1859 to 1860, and Otto von Bismarck's campaigns against Denmark in 1864 and Austria in 1866. Contrast that record with Europe's since World War II: the EU's members have not fought among themselves for the last 52 years. Professor Feldstein's alarmism notwithstanding, there is no evidence that they might resort to arms any time soon to settle their differences over economic or other policies.

ROBERT GERALD LIVINGSTON
Senior Visiting Fellow, German Historical Institute

INFORMATION WARFARE

To the Editor:

Jamie F. Metzl proposes the United Nations establish a standing unit to monitor, broadcast, and jam radio and television broadcasts it deems inappropriate or unacceptable ("Information Intervention," November/December 1997). It would then disseminate "impartial" news to replace "inflammatory anti-NATO broadcasts." In other words, the unit would tell listeners what it wants

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them to hear. In the Pentagon, this is known as information warfare.

Though Metzl recognizes the logic behind the United States' promotion of the free flow of information during the Cold War, he says that a more "nuanced" view is now possible. While the United States was correct to foster a free-flowing marketplace of ideas when it had competition, it is now okay to censor those ideas that are seen as a "threat to peace."

Metzl clearly believes that peace is worth any price. But freedom is more valuable. Dangerous messages that incite people to violence have created some of the greatest nation-states in the world. One only need consider the violence of the barons forcing King John to sign the Magna Carta, or those unruly American colonists declaring their independence, or the French Revolution that toppled centuries of monarchy, to see that Metzl's ideas are Orwellian indeed.

PAUL JONES
Lansing, Michigan

To the Editor:

In examining the genocide in Rwanda, Jamie F. Metzl states that, "simply jamming Hutu broadcasts and replacing them with messages of peace and reconciliation would have had a significant impact on the course of events." This implies that such broadcasts were a necessary condition for the outbreak of ethnic violence, which is simply not true.

Most of Rwanda's genocidal violence was carried out by highly organized militias of local youths who systematically attacked Tutsis and their Hutu sympathizers. Members of the ruling Hutu party began to organize these militias in late 1993—a plain indication that they planned the April 1994 slaughter well in advance. The organization of the militias, not the final few weeks of hate radio, was the critical step toward genocide.

Mass violence of the sort that occurred in Rwanda is not typically carried out by ethnic groups *per se* but by organized paramilitary groups that may or may not reflect popular sentiment among the ethnic group they claim to represent. This was true in both Rwanda and the former Yugoslavia. Ultimately, a large military presence on the ground represents the only effective means to intervene in the process of mobilizing such groups—and thereby prevent genocide.

JAY ULFELDER
Vienna, Virginia

TURNING DOWN THE HEAT

To the Editor:

Thomas Schelling is correct to point out that any serious attempts to address climate change must include setting a greenhouse gas concentration limit that cannot be exceeded ("The Cost of Combating Global Warming," November/December 1997). If ecosystems and human infrastructures are optimized to present conditions, the best option would be to set the emissions rate to current levels. Natural systems like forests can adjust to a climate shift of no more than about one degree centigrade per century, and at current gas emissions levels that rate of change will not be exceeded.

We all have an interest in investing in research to accelerate a global transition over the next 50 years to an efficient, low-carbon energy system. Schelling seems to think of other priorities such as pollution, water resources, agricultural productivity, and population stabilization

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as separate from action to reduce climate change. In fact, progress on one is progress on the other. A successful transition to a sustainable future will depend on sustained research and technology development.

JOHN H. GIBBONS

Assistant to the President for Science and Technology

POLITICS-FREE POLICY?

To the Editor:

Alan S. Blinder's essay on removing politics from the policymaking process in Washington embodies the notion prevalent at the turn of the century that experts can more adeptly care for our collective welfare than misguided politicos focused on the next election ("Is Government Too Political?" November/December 1997). But Blinder is either naive or disingenuous if he is seriously suggesting that there is some demarcation between the political and apolitical in our nation's capital. As a Bush administration political appointee, I cannot recall meeting a single person in the civil service who was not devoted to achieving some sort of political objective. In fact, some of these "career" civil servants later go on to hold political appointments in presidential administrations.

I am also skeptical of Blinder's effort to equate the making of tax policy with that of monetary policy. The idea of an unelected government board determining capital gains rates brings to mind the famous rallying cry of the American colonists: "No taxation without representation." Indeed, though the Treasury Department is very much involved in writing the fine print of tax regulations, the role of the people (and by extension, of politics) in the enactment of tax policy is so sacred that Article I of the Constitution states that "all bills for raising revenue shall originate in the House of Representatives."

The Federal Reserve has been resoundingly successful in developing and implementing monetary policy with a minimum of political interference. But even with brilliant economists like Blinder leading the way, it strains credulity to suggest that the Board of Governors meetings are affairs in which the participants are blind, deaf, and dumb to the reactions of Capitol Hill, Wall Street, and Main Street.

JOHN E. OSBORN

Former Special Assistant, U.S. Department of State

To the Editor:

Alan Blinder suggests that the depoliticization of governance by increasing the realm of technocratic decision-making should be seriously considered. He recommends that we start by "learning from the Fed," whose decisions "are arguably better, on average, than those made in the political cauldron."

The Federal Reserve has control over the country's money supply—determining how much money banks can loan and how much the government can print. Over the years, the Fed has consistently allowed the amount of government-created money to diminish relative to bank-created money, necessitating increased government borrowing from banks at high interest rates rather than the use of government-created money at no interest at all. In other words, the Fed has arguably contributed as much to the federal deficit as have political proclivities to overspend. The difference is that politics is conducted in the open by elected officials and accompanied by much argument and

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discussion. By contrast, the activities of the Fed are conducted in private by technocrats without significant public debate.

Politics is something voters can do something about. Technocratic power as extreme as that allowed the Federal Reserve is ultimately far more dangerous to the public welfare.

WARREN COWAN
Moretown, Vermont

BELOW THE BELT

To the Editor:

In reviewing *Europe Adrift*, David Calleo showered both the book and me with praise, which he then diminished by throwing doubt on the independence of my work ("An American Skeptic in Europe," November/December 1997). As he sees it, the inspiration not just for this book but for the body of my work, including other books and numerous *New Yorker* pieces, is entrenched orthodox thinking in Washington.

Let me state something that should be self-evident: my work, whatever one thinks of it, is my own. A given essay or book may be praised by some senior government figures—people whom Calleo would regard as pillars of orthodoxy—and deplored by others.

Some of Calleo's comments indicate that he was not a close reader. For example, he says that "France is not as weak as [Newhouse] paints it, nor Germany as strong." The first part of that phrase may turn out to be right, as I hope it will be. But the latter part suggests Calleo's indifference to an entire chapter of my book called "Germany Adrift," which deals wholly with Germany's weaknesses and vulnerabilities, both political and economic.

Calleo and I have disagreed amiably but privately for decades about America's role in Europe, which he regards as excessive. However, the book he's reviewed is not about the American role, although a portion of one chapter does address NATO and security. This book is about affairs within and between European societies. It was researched in its entirety in Europe.

JOHN NEWHOUSE
Senior Fellow, The Brookings Institution

BARGAIN-PRICE NATO

To the Editor:

Amos Perlmutter and Ted Galen Carpenter present a narrow and misleading characterization of the likely security and financial implications of NATO enlargement ("NATO's Expensive Trip East," January/February 1998). The real costs of enlargement will be modest and the benefits vast.

They are correct that the difference between the Pentagon and RAND studies' relatively modest cost estimates and the Congressional Budget Office's much larger price tag for enlargement is due to differing strategic assumptions, but their agreement with the CBO's anticipation of a Cold War-sized Russian military threat does not square with the facts.

The Pentagon and RAND studies are based on the widely shared assessment that the threat of large-scale aggression in Europe is low and is expected to remain so for the next decade or more. They advocate a robust but reasonable NATO defense posture to deter potential aggression while effectively integrating new members. If Russia's relations with the West deteriorate significantly and it rebuilds its military, we will indeed incur vastly more sub-

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stantial costs. However, such costs should not be ascribed to enlarging NATO, as they would be incurred regardless of enlargement.

Perlmutter and Carpenter also unfairly denigrate the conclusion that new members will absorb most of the expenses. Because almost all of the necessary defense enhancements are for their forces and facilities, new members are responsible for the costs. Indeed, the governments of all three new members have committed to increasing defense spending above the rate of GDP growth to ensure the necessary enhancements are implemented.

The authors' assertion that the Pentagon deliberately "low-balled" the cost estimate due to political considerations could not be further from the truth. As one of the analysts who conducted the research, I know that the methodology used—developing ideal military requirements and assigning costs for meeting them—was analytically sound and untainted by political pressures.

BARRY PAVEL
Falls Church, Virginia

FINAL SHOTS

To the Editor:

William E. Odom's fundamental message should command the attention of the national security policymaking apparatus ("Transforming the Military," July/August 1997). As we shape America's military for a new millennium, we must begin with an analytical approach that frees us from the shackles of history and mythology and allows us to address both the worldwide challenges America will face and the very real constraints of diminishing budgetary resources.

The key to developing our military forces and allocating resources will be maintaining the ability to use the same forces to respond to the widest possible range of contingencies. For more than a decade, the army has patiently and persistently created a force with the principle of versatility at its very foundation, as demonstrated in operations ranging from the velvet touch of Grenada to the iron fist of Desert Storm. Odom's shot across the bow of traditionalist thinking helps frame the issues. Let the debate now begin in earnest.

CARL E. VUONO
General, U.S. Army (Ret.)
CROSBY E. SAINT
General, U.S. Army (Ret.)

ERRATA

Due to an editing error, Paul Wellstone was named as a senator from Michigan ("The Global Economy and the Nation-State," September/October 1997). He represents Minnesota.

The same article states that the yen-to-dollar rate was fixed at 250:1 until 1983. In fact, the ratio has fluctuated since 1971, when it was 360:1.

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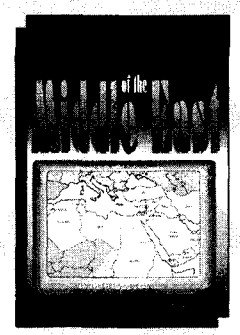
BETTER LATE . . .

Due to a production error, the first sentence on page 74 of Milton Viorst's article, "The Limits of the Revolution," in our November/December 1995 issue was truncated. It should read, "'The American government does not seem to understand that we have people in Iran who think the revolution needs to feed on anti-Americanism to retain its vigor,' said Saeed Khorasani, Iran's former ambassador to the United Nations and currently an influential member of parliament." *Foreign Affairs* regrets the error.

CONTINUUM



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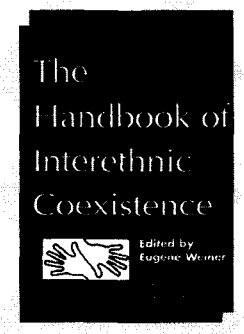

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